

OUTBACK
Stores
Working With Communities

**ANNUAL
REPORT**
2018-2019



OUTBACK STORES. WORKING WITH COMMUNITIES

87%

OF ALL TEAM MEMBERS
EMPLOYED IN STORES
ARE ABORIGINAL
AND TORRES STRAIT
ISLANDER

4.2

TONNES REDUCTION
OF SUGAR CONSUMED
THROUGH SUGARY
DRINKS

25

ABORIGINAL AND TORRES
STRAIT ISLANDER
EMPLOYEES COMPLETED
NATIONAL RETAIL
QUALIFICATIONS

475

TONNES
OF FRESH FRUIT AND
VEGETABLES SOLD IN
COMMUNITIES

MISSION

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

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.

NUTRITION 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

20th of September 2019
The Honourable Ken Wyatt AM
The Minister for Indigenous Australians
PO Box 6022
House of Representatives
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 2019.

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 19th September 2019.

Yours Sincerely,

Dr. Susan Gordon AM
Chairperson, Board of Directors



MESSAGE FROM THE

CHAIRPERSON

Since my appointment as Chairperson in October 2018 I have visited the majority of stores in the 38 communities that we work with. These visits are part of a commitment that I have made to the Minister for Indigenous Affairs to ensure that Outback Stores delivers on making a positive difference in the health, employment, and economy of remote Indigenous communities, by providing quality, sustainable retail stores.

I am pleased to report that Outback Stores' continues to deliver improved social outcomes. The proportion of sugary drinks sold declined this year by 2.59%. This equates to 4.2 tonnes less sugar consumed. Despite challenging market conditions, a total of 475 tonnes of fresh fruit and vegetables were sold in stores, a 4.68% increase on the previous year and total tobacco sales decreased by 8.72%, a significant step in the right direction.

Providing employment and training opportunities for local people is pivotal. 87% of all staff in stores are Aboriginal and Torres Strait Islander (ATSI), or 276 people in communities engaged in meaningful employment. 25 employees went on to complete a nationally accredited Certificate II, III or IV in Retail. Engaging, educating and empowering communities remains the catalyst for making sustained positive change in these areas for the future.

We remain committed to improving food affordability. We have lowered prices on staple products such as milk, eggs, rice, oats, flour and Weet-Bix. These products offer great value within the market. More broadly, we are confident this strategy will drive price deflation across the industry. Regular specials have also been implemented, making shopping more affordable in remote communities.

Strategic forward planning and continued improvements in operational efficiency have further consolidated the company's financial position. To supplement our prudent internal controls, we have been working closely with the Minister on maximising returns through differentiation of capital investments to support our goal of working towards financial self sustainability and securing the longevity of the business.

Finally, I would like to thank the Board for their support throughout the first year of my tenure. Together we have the utmost confidence that the Senior Leadership Team will continue to drive the strategic direction of the business and deliver on our vision, mission and nutrition aim into the future.

Dr Susan Gordon AM
Chairperson

CEO

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. We maintain an unwavering commitment to supporting remote communities by guaranteeing access and improving affordability of food supply and delivering the best possible outcomes for the communities we serve.

I'm pleased to report Outback Stores Pty Ltd delivered a profit of \$287,724 for the 2018-19 financial year. As we operate on not for profit-principles we reinvest any surplus back into supporting remote communities.

We finished the year with thirty-eight remote community stores under management with total sales of \$90.38 million, our strongest sales result since inception. Certain stores we manage on behalf of communities are not financially viable, this year we provided \$2.37 million of funds across nineteen stores to ensure continuous access to a fresh healthy and affordable food supply. A further \$335,000 was invested on capital improvements across thirteen stores.

We are committed on working towards our financial self-sustainability. Our goal is to achieve an independent self-funded Outback Stores that will be able to support

remote communities and deliver improved social outcomes without the need for any additional government subsidy in the future. The most meaningful measure of this objective is cash outflow (excluding loans). We remain committed to reducing this year's result of \$1.6 million to break-even, ensuring longevity of the business.

This year we welcomed Bardi Ardyaloon Store from the Kimberley region in Western Australia, Papunya Community Store and Kiwirrkurra Roadhouse and Community Store from the Western Desert region in the Northern Territory. We look forward to long and prosperous working relationships with these communities.

I would like to welcome Jason Dienelt as Merchandise Manager and Hup-Ming Lye as IT Manager to the Senior Leadership Team this year. Both Jason and Hup are excellent appointments, bringing to the business a high standard of expertise and knowledge in their fields.

Over the next twelve months we will remain focussed on improving health, nutrition, employment and training outcomes. Additional work will also be undertaken to continue improving food affordability in stores. We remain committed to working towards financial self-sustainability by improving financial outcomes through differentiation of capital investments and modelling our service fees more efficiently to reduce the cost of

providing food security.

I would like to thank our store managers, the commitment and dedication that store managers bring to supporting community stores whilst living and working away from family and friends in remote and often challenging environments should never be unheralded. You are the backbone of Outback Stores. Thank you to Dr Sue Gordon and the Outback Stores Board for their continued support, as well as the Senior Leadership Team and all staff for their consistent hard work and dedication to delivering results that as a company we are very proud of. Finally, I would like to thank our clients, to the store directors; it's a privilege working with like-minded organisations to deliver the best possible outcomes for local people through well governed and operated community stores.

Michael Borg
CEO

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 way of measuring success is reducing sugary drink sales and increasing the sales of fruit and vegetables.

REDUCING SUGARY DRINKS

Strong community leadership and engagement with our partners have paved the way to reducing sugary drinks sales through community-led strategies. These strategies fit with the unique environment of each community to make non-sugary drink options the easier choice.

The 2019 financial year saw a 2.59% drop in the proportion of sugary drinks sold (55.21%) in comparable Outback Stores on the previous year (57.80%). The proportion of water sold increased by 2.66% and the proportion diet drinks decreased by 0.07%.

The result of this is 42,688 litres less sugary drinks or approximately 4.26 tonnes less sugar from sugary drinks sold in the remote communities Outback Stores is working with.

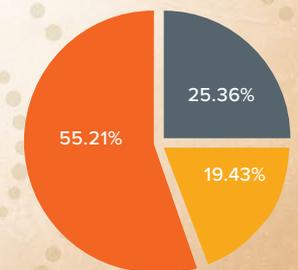
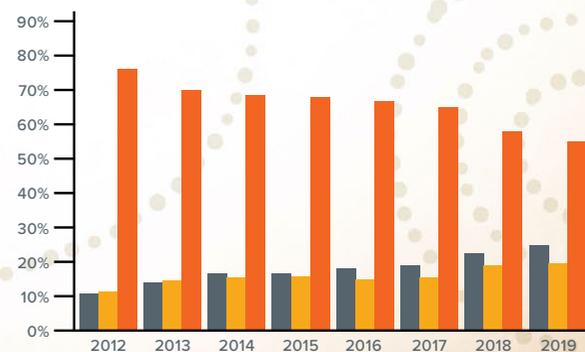
Stores with competitors and those close to regional centres find it more challenging to implement sugar reduction strategies. For the stores that have implemented specific strategies, it has resulted in dramatic reductions in sugar consumption from sugary drinks.

Outback Stores continues to conduct Sugar Reduction Project activities in communities that expressed interest and have been fully engaged to reduce sugar in remote community stores for the purpose of improving health. Trial store activities continue to be conducted in this project include using the Good Tucker App for store tours, education on sugary drinks and cooking demonstrations.

PROPORTION OF TOTAL DRINK SALES 2019

Market share drinks for all stores

Proportion of total drink sales 2019



TAKEAWAY

Takeaway items make up 10% of the total food and grocery sales in twenty-three stores. Outback Stores policies support healthy options being available and making up at least 50% of the display. Sales of healthier takeaway choices make up 21% of all takeaway items and demand for less-healthy options remains very high. Work towards increasing healthier options continues with four Monash University students completing a 7-week placement to undertake a project on perceptions and barriers to healthy takeaways in remote communities and stores. The result of this project directly contributed to the work on the Healthy Takeaway Recipe Book for standardised recipes in stores.

FRUIT AND VEGETABLES

Total fruit and vegetable sales increased by 4.68% or 21 tonnes to 475 tonnes with the inclusion of three new stores. Stores that achieved the largest increase in fruit and vegetables sold include Mimili Maku 19.64%, Yimilyumanja 17.28%, Wungkul 15.65%, Wirrimanu 11.94%, Yiyili 10.38% and Wirliyajarrayi 9.39%. Volume of fruit and

vegetables in thirty-two comparable stores remained steady at 391 tonnes against 398 tonnes for the previous year.

Financial year 2019 was a challenging year for fruit and vegetable sales with extreme weather conditions including flooding in Queensland and heatwave conditions across south eastern Australia impacting both availability and pricing on many products. Outback stores managed stores in partnership with our key suppliers focused and invested in delivering a strong fortnightly promotional program to support fruit and vegetable sales throughout this period whilst continuing to keep prices as low as possible.

Thirteen stores invested in development works to improve the display and visibility of fruit and vegetables in their stores. This included relocating fruit and vegetables to the front of store where possible along with new display fridges, modern floor gondolas and wicker display baskets. Further investment is planned across financial year 2020 to continue to support fruit and vegetable sales as a healthy food option in Outback Stores managed stores.



Store tours using the good tucker app at Ngukurr



TOBACCO

The 2019 financial year saw a 8.72% reduction in total sticks sold in comparable stores. The trend over the last two years shows a strong decline in consumption with a 15.55% drop in volume. In line with the Australian Government's annual tobacco excise we have seen the proportion of money spent on tobacco increase from 19.76% to 20.91% across food and tobacco sales.

Tobacco reduction continues to be a focus for Outback Stores with price excises and support of Government initiatives and quit campaigns. Outback Stores has maintained a consistent strategy in relation to tobacco, with all Government excises implemented, these changes along with the implementation of all state-based legislation into the stores we operate has contributed to the overall decline in tobacco consumption.



To further support Outback Stores tobacco reduction strategy individual stores data and results are presented by area managers at store directors' meetings on a quarterly basis, this serves to inform and support the education of the store owners in relation to tobacco reduction outcomes in their communities.

SCHOOL NUTRITION PROGRAMME

Outback Stores supports the Australian Government's commitment to provide meals to school children in the Northern Territory through the School Nutrition Programme (SNP). As part of this effort, Outback Stores currently provides meals to four community schools from the Mirnirri, Wetenngerr, Nitjpurru and Papunya stores.

Parental contributions support the delivery of thousands of fresh and healthy meals directly to these schools annually for all students. Whilst contributions do not always cover the full cost of the preparation and supply of these meals, together Outback Stores and the store owners support improving school attendance, engagement and learning as well as providing employment opportunities for Aboriginal and Torres Strait Islander people through the programme.



Bush cooking demonstration at Gulin Gulin



ABORIGINAL AND TORRES STRAIT ISLANDER

EMPLOYMENT & TRAINING

Providing employment opportunities and vocational training in remote communities.

Outback Stores remains committed to providing meaningful employment, career pathways and an opportunity to complete nationally accredited training for local people whilst remaining on country.

We finished the year with 87% of team members employed in community stores identifying as Aboriginal and Torres Strait Islander (ATSI), our best result to date. This equates to over 276 people in remote communities engaged in work. 7 employees or 4.8% of the workforce at our Darwin Support Office are also ATSI.

We continue to focus on improving job satisfaction and attendance to work. A large component of this work has been to hire more employees on a permanent (part-time or full-time) basis. Permanent employee headcount increased by 22% to 139 this year providing an increased level of stability and structure as well as an opportunity to participate in our pathways to management program.

This year we have transitioned our accredited retail training to an e-learning platform and utilised video conferencing to assist in overcoming the challenges of delivering Vocational Education and

Training (VET) across vast geographical distances. 25 students completed a formal retail qualification, our best result to date. We also saw our first trainee, Linda Fejo from the Beswick community complete Certificate IV in Retail Management. We remain dedicated to providing a relevant, interactive and engaging learning experience for trainees.

Our focus over the next 12 months will be on continuing to increase the number of permanent employees and growing the total number of hours worked by staff in stores. Identifying and supporting aspiring leaders with building a career pathway in retail management through VET and pathways to management remains a core objective. We will also further explore ATSI graduate opportunities with the goal of increasing employment at our Darwin Support Office.



ABORIGINAL AND TORRES STRAIT ISLANDER

TEAM MEMBERS LEAD THE WAY

Outback Stores strives to provide clear and obtainable career pathways for aspiring staff.

LINDA FEJO

Linda Fejo is quickly establishing herself as a leader of the future. She works at the Beswick Community Store as a supervisor and recently completed her Certificate IV in Retail Management, becoming the first ATSI team member at Outback Stores to do so.

“I love working at the store, I really enjoy learning new things as well as teaching other staff members and helping them learn as well. I can see that working in retail can be a career path. I would like to keep learning and become a store manager in the future” said Linda.

The Beswick community have been working closely with Outback Stores over the past 11 years on improving outcomes such as employment and career progression, a partnership that is clearly working. Previously, local employee Amelita

John was trained at the store and has now progressed to becoming the manager at the Gulin Gulin Community Store.

This approach supports local people with completing formal qualifications at work. Employees can earn an income while learning formally and progressing their careers all at the same time.

“The community are so proud of Linda for completing her Certificate. We are all behind her and hope she continues to move forward and head towards management as well. It’s great that Outback Stores work with the community members to achieve outcomes like this. We want to see more local people in the community trained up in the future”, said Beswick Store Chairman Peter Lindsay.





The team at Barlmark Supermarket in Maningrida



SAMANTHA WESTCOTT

Samantha works in the Illawarra Store in Jigalong. The community is located 1070km north east from Perth in the East Pilbara Shire on the edge of the Little Sandy Desert.

Samantha was raised with the Noongar culture in the South West region of Western Australia with her father but moved to Jigalong wanting to learn more about her mother's culture; that of the Martu people from the Western Desert region.

Working in the store was something that came naturally for Samantha, particularly with her keen interest in working with people. Shortly after starting work, she was encouraged by her store manager to enrol in some formal training to support her on the job learning.

Balancing her studies with work and caring for her 5 children certainly wasn't an easy task but a challenge that Samantha took head on. In December Samantha completed her Certificate III in Retail, the first team member from the Illawarra store to do so.

"I love working and learning with the store manager and making relationships with the customers", she said.

"I have also learnt a lot about managing the store, like germs and food safety, stock control, profit and loss and safety about pallet jacks, ladders and good lifting techniques. I've learnt how important temperature checks are and why freezers can stop working in hot conditions.

"I would like to continue learning by working in the store and completing my Certificate IV. Hopefully one day I can be knowledgeable enough to become a store manager."

JUNIOR GRANT

Junior (Demonic) Grant is from Milikapiti, Tiwi Islands and is a Marrithiyal boy, south of the Daly River which is 300km South West of Darwin.

He also has Maori heritage on his mother's side. Junior joined Outback Stores in April to take on the role of Aboriginal health and nutrition promotion officer.



“One of my biggest passions is helping Aboriginal people. I worked with Headspace in the mental health sector before transitioning into my role at Outback Stores. I have always been really interested in learning more about Nutrition and Aboriginal health.” he said.

“I have really enjoyed spending time visiting different communities, building relationships and engaging Aboriginal people on making healthy choices. It's exciting to be able to work with people on the ground in communities.

“Empowering people to make good decisions for the future is vital. Being able to live a long and healthy life on country with their family is such an important thing for Aboriginal people.” he said.

Outside of the work Junior has a big passion for Australian Rules Football. He is with the NT Thunder in the NEAFL competition in the dry season and Wanderers in the NTFL in the wet.

“I also love getting back to my country and the land. Fishing and hunting have been a part of my life ever since I could walk and spending time with my family talking about my culture is also really important to me.” said Junior.

BENNY REPU

Benny is from Maningrida in West Arnhem Land. The community is 500 km east of Darwin and is the largest in the Northern Territory. He works at the Barlmarkk Supermarket.

He attended boarding school in Darwin through high school and became involved in an Indigenous leadership program while completing his studies. It is there that he developed an interest in leadership and became passionate about using his skills to make a positive impact in the Maningrida community.

Since commencing employment at the Barlmarkk Supermarket, Benny excelled quickly and chose to enrol in some formal training to support his natural talent and flair for the retail environment. In his first 12 months on the job, Benny has completed his Certificate II and III in Retail and has now been promoted to an assistant manager role, at just 18 years of age.

The community are very proud of Benny and recognise the work that he is doing in completing his qualifications and progressing through the pathways to management program and have acknowledged his leadership qualities.

“Benny has developed very quickly and has shown he is a natural leader and role model for others in the workplace. He leads by example with his time management, using initiative, following tasks through to completion and being honest in feedback to manager's and customers” said Outback Stores trainer Debbie Eve.



In his spare time Benny volunteers with SEED, Australia's first Indigenous youth climate network. SEED'S focus is on building a movement of Aboriginal and Torres Strait Islander young people for climate justice with the Australian Youth Climate Coalition.

Continuing his pathway to management in the supermarket or moving on to study at university are on Benny's shortlist of future goals.



REDUCING THE PRICE OF FOOD IN THE COMMUNITIES

Outback Stores prides itself on providing affordable fruit and vegetable pricing and cheaper bottled water and diet soft drinks in the community stores we manage in remote and regional areas.

Over the past twelve months, we have been working on consolidating our supplier base to improve food affordability.

Through working closely with some of our key partners, we have been able to drop pricing on some key staple food lines, including:

- 2lt fresh milk - \$3.99
- 12pk eggs - \$3.99
- 1kg flour - \$1.49
- 2kg flour - \$2.99
- 1kg rice - \$2.49
- 750g rolled oats - \$1.79
- 1lt UHT milk - \$1.99

A basket of basic foods at an Outback Stores managed community store (\$179.64) is 16.1% or nearly \$35 cheaper than the same goods purchased in a similar community store or regional roadhouse (\$214.32).

We have introduced an affordable range of basic kitchen appliances to encourage people to prepare their own healthy food, including toasters (\$14.99), rice cookers (\$29.99) and kettles (\$14.99).

This year we also introduced a new promotional program to make weekly shops

more affordable. Products such as Weet-Bix, canned tuna, noodles, sliced cheese, washing powder, toilet paper, shampoo, detergent and mink blankets are just few of the lines that have featured.

Outback Stores works hard to make sure pricing enables the stores to break even or return a profit, while still providing value pricing for fruit and vegetables, and promoting healthy options above unhealthy products like sugary drinks. We recognise it is not possible to provide all foods and goods as cheap as those offered by larger retailers in city or regional settings, our priority is on the basics and healthier options.

We also know that doing business in remote communities is expensive. Our suppliers endure additional freight costs to source food and goods from eastern states to their supply base in the Northern Territory, before freighting them to remote communities. Day-to-day operating costs are also comparatively high. Despite this, we continue to operate on not-for-profit principles, any profits from the community stores that we manage are distributed into the communities they serve.



Happy customers at Ngukurr, Santa Teresa and Wetenngerr



CHEAPER FOODS FOR PAPUNYA

Papunya Community Store directors enlisted the help of Outback Stores in April 2019 to help improve food affordability and availability.

A basket of 10 everyday staple products including bread, milk, eggs, flour, oats, Weet-Bix and rice is now over \$20 cheaper than under previous management.

The community quickly noticed the changes Outback Stores made.

The store now receives a weekly delivery ensuring that the store has great quality fresh fruit and vegetables, as well as meat and dairy readily available at good prices. Previously the store was only serviced every second week.

“It’s not easy to have affordable prices in remote community stores. Small shops in the bush don’t have the buying power of the larger supermarkets in town, they have much higher transport costs and it takes longer to get stock into stores. For us it’s all about working closely with our suppliers to make sure we keep costs as low as possible and pass them on to people in remote communities.” said Outback Stores CEO Michael Borg.



NGUKURR STORE UPGRADED TO PROMOTE JOBS AND HEALTH

The tantalising smell of hot roast chicken just out of the oven and freshly baked bread now waft through the Ngukurr General Store in south east Arnhem Land.

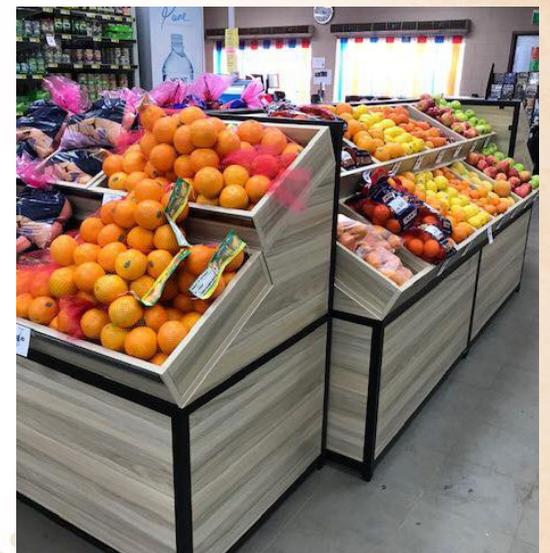
Inside the store it is like any modern supermarket in a capital city – delicious looking fresh fruit and vegetables are on show, local team members are busy serving customers and filling shelves, the store is buzzing.

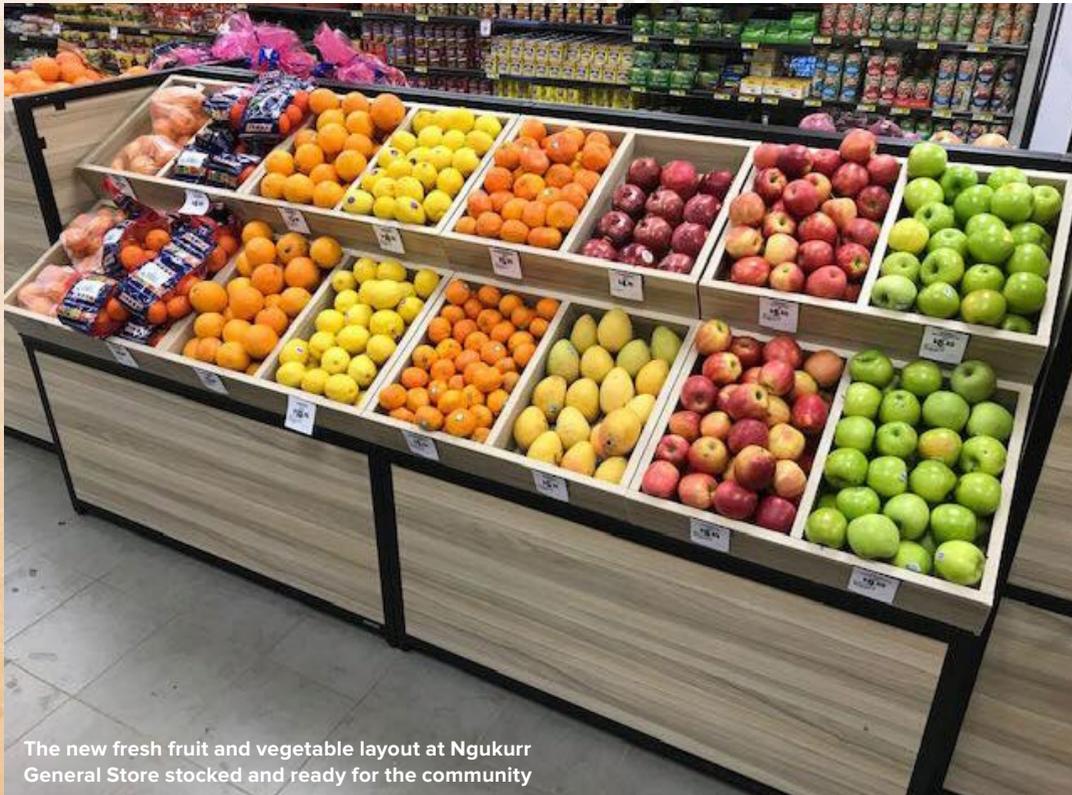
The heartbeat and economic backbone of the remote community of Ngukurr, 630 kilometres from Darwin, the Ngukurr General Store was recently upgraded with a new bakery and hot roast chicken cooking facilities to increase its fresh, healthy food offerings.

As part of recent upgrades and a focus on making healthier options easier, the store's layout has been changed to showcase the fresh fruit and vegetables, new bakery and hot food items. A strategy that has been well received by the community.

The Yugul Mangi Development Aboriginal Corporation owns the General store and in 2008 it enlisted the support of Outback Stores to help improve health, nutrition, training and employment outcomes for local people, while operating the business as efficiently as possible.

“Yugul Mangi is very proud of our partnership with Outback Stores,” Yugul Mangi Chairperson Bobby Nunggumajbarr





The new fresh fruit and vegetable layout at Ngukurr General Store stocked and ready for the community

said. “By working closely together and listening, we have formed a very strong relationship that delivers for the community. We have a great store that is stocked with fresh, healthy and affordable tucker that employs local people.”

Outback Stores CEO Michael Borg agreed. “Over the last 10 years we have developed a strong relationship built on trust and honesty, something that is very important. Reinvesting profits back into sustainable

business enterprise for the community is great approach and one we support.

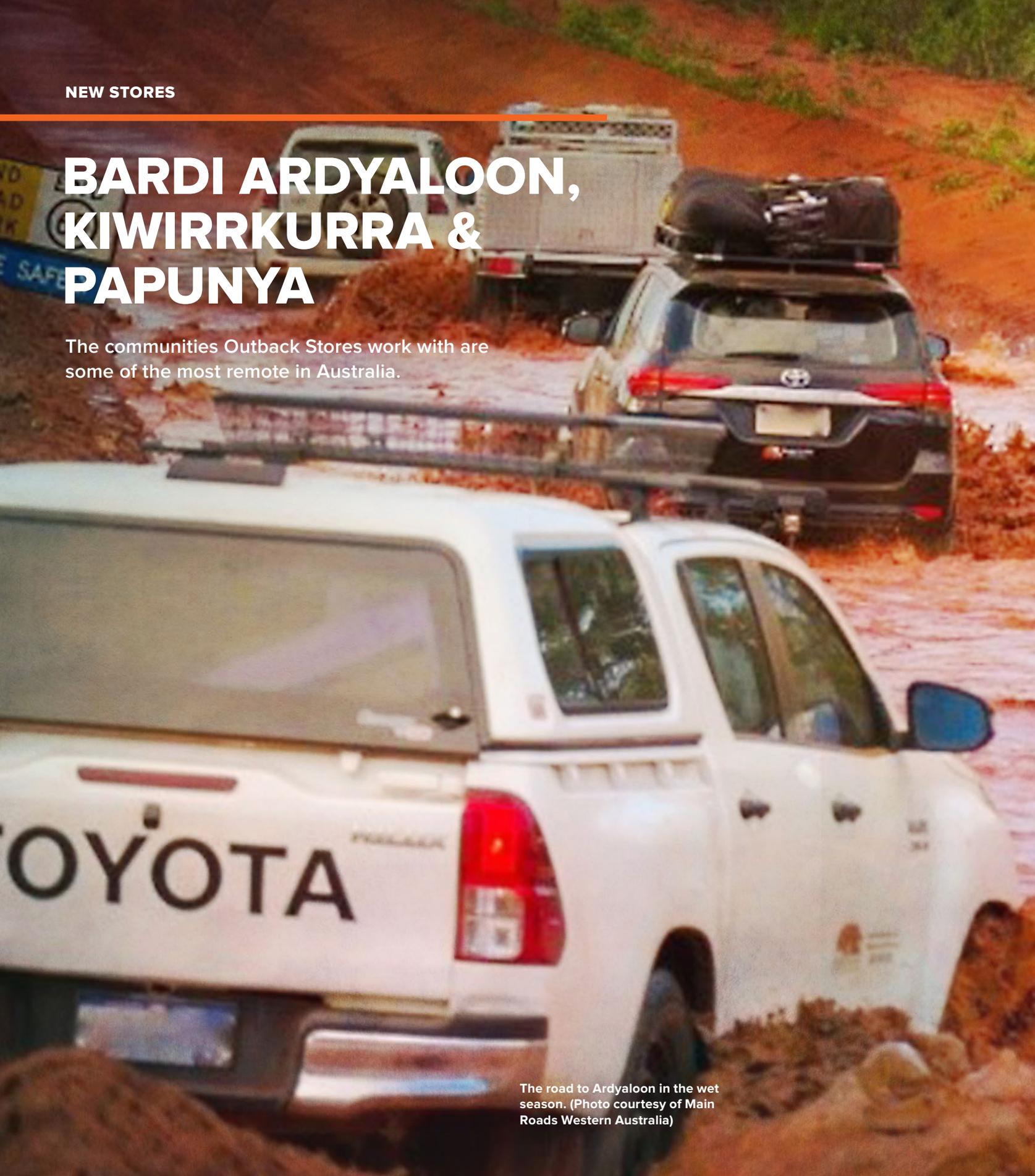
“Outback Stores is committed to assisting the community with achieving their goals and looks forward to embarking on the next stage of our journey together.”



Team member, Ethan Thompson, inspects the bananas for quality

BARDI ARDYALOON, KIWIRRKURRA & PAPUNYA

The communities Outback Stores work with are some of the most remote in Australia.



The road to Ardyaloon in the wet season. (Photo courtesy of Main Roads Western Australia)

Operating in these environments presents many challenges, including vast distances, and extreme weather conditions including, heat, drought, cyclones and rainfall.

Despite these challenges, Outback Stores continues to maintain an unwavering commitment towards improving the performance of stores through offering sound financial management, Aboriginal and Torres Strait Islander employment & training and a focus on the sale of healthy and affordable foods.

This year we finished with 38 community-owned stores under management across Australia and are proud to welcome three new businesses into the group:

BARDI ARDYALOON (ONE ARM POINT)

One Arm Point is a picturesque coastal community on the Dampier Peninsula in the Kimberly region of Western Australia. It is situated on a narrow point of land flanked by the ocean on three sides and is home to approximately 350 Bardi people. The community is located 210km North East from the closest regional centre being Broome. It is accessed via a rough and corrugated dirt and sand road that faces seasonal closures.

KIWIRRKURRA

Kiwirrkurra is in the “tali” (sandhill) country of the Gibson Desert in Western Australia. The community is located within the Shire of East Pilbara. Alice Springs is the closest regional centre - a 9 hour drive 700km west in the Northern Territory.

Such is the remoteness of the community, many of the elders only experienced their first contact with non-Indigenous persons during the Homeland Movement of the 1950’s and early 1960’s. It has previously been described as the most remote community in Australia. Kiwirrkurra is home to approximately 200 people, most speak Pintupi as a first language.



Kiwirrkurra Store Directors with Business Development Manager Andrew Johanson



Papunya Directors with the Outback Stores Operations and Business Development Team

PAPUNYA

Known locally as Warumpi, the community of Papunya is situated 240km or a 4 hour drive northwest of Alice Springs in the Luritja Pintubi Ward in the Northern Territory and is home to approximately 400 people.

Papunya was established in the late 1950’s as an administrative centre for the Aboriginal people who had moved in from the desert. Since then many Pintupi and Luritja people have moved back to their homelands and continue their strong ceremonial tie to the Land. The community is highly regarded for its Aboriginal owned and operated art gallery.

“Although each community is quite culturally and geographically diverse, collectively the store directors simply want the best outcomes possible for people in their communities” said Andrew Johanson, Business Development Manager at Outback Stores.

“At Bardi Ardyaloon there is a strong commitment to local employment and developing the next store manager from within the community. At Kiwirrkurra there is a focus on improving the quality and price of fresh food and ensuring store managers who are committed to working closely with the community are employed. At Papunya the community wanted an emphasis on improving food affordability, local employment (read more on page 31) and ensuring that governance is strong” he said.

For Outback Stores it’s imperative that we continue to understand and adapt to the environments we work in and gain the community’s trust and respect by working together. Our approach is to empower others to achieve better outcomes with the goal of influencing ethical and sustainable positive long-term change while supporting the maintenance of a rich cultural heritage.

WORKPLACE HEALTH & SAFETY



Over the past twelve months we have continued to build the Outback Stores safety culture by engaging our team with positive safety messages through education, training and consultation.

We have also introduced interactive systems to simplify our ways of working, while maintaining continuous improvement to our safety framework.

Key focuses include emergency planning and training with our team and local store team members. An emergency response plan was developed and implemented across all Outback Stores managed locations to give direction and ensure the safety of our team and customers.

Progression of social outcomes in communities through education is key for Outback Stores. To support further development in this area Safe Work Practices addressing food safety and safety in the workplace have been introduced for local store team members.

As a business, we continue to focus on improvements to food safety standards in stores; through engagement, training and structured quarterly meetings. These meetings have allowed us to begin consolidating and developing relevant reporting on incidents and statistics.

Incident reporting categories have been adjusted to be more relevant to our work environment. By doing this, we have observed a positive increase in safety and food safety incidents, near misses and hazards being reported. Incident investigations are now completed through iAuditor, which has allowed for more stringent management of corrective actions and trend analysis to help reduce risks at all Outback Stores managed locations.

Under the Work Health and Safety Act 2011 Part 3, there have been no notifiable incidents reported during this reporting period.

STORE LOCATIONS

WESTERN AUSTRALIA

Balgo	18
Beagle Bay	1
Jigalong	16
Kalumburu	3
Kiwirrkurra	38
Mulan	17
Noonkanbah	15
One Arm Point	2
Ringer Soak	19
Tjuntjuntjara	37
Wungkul (Store)	13
Warmun (Road House)	12
Yiyili	14

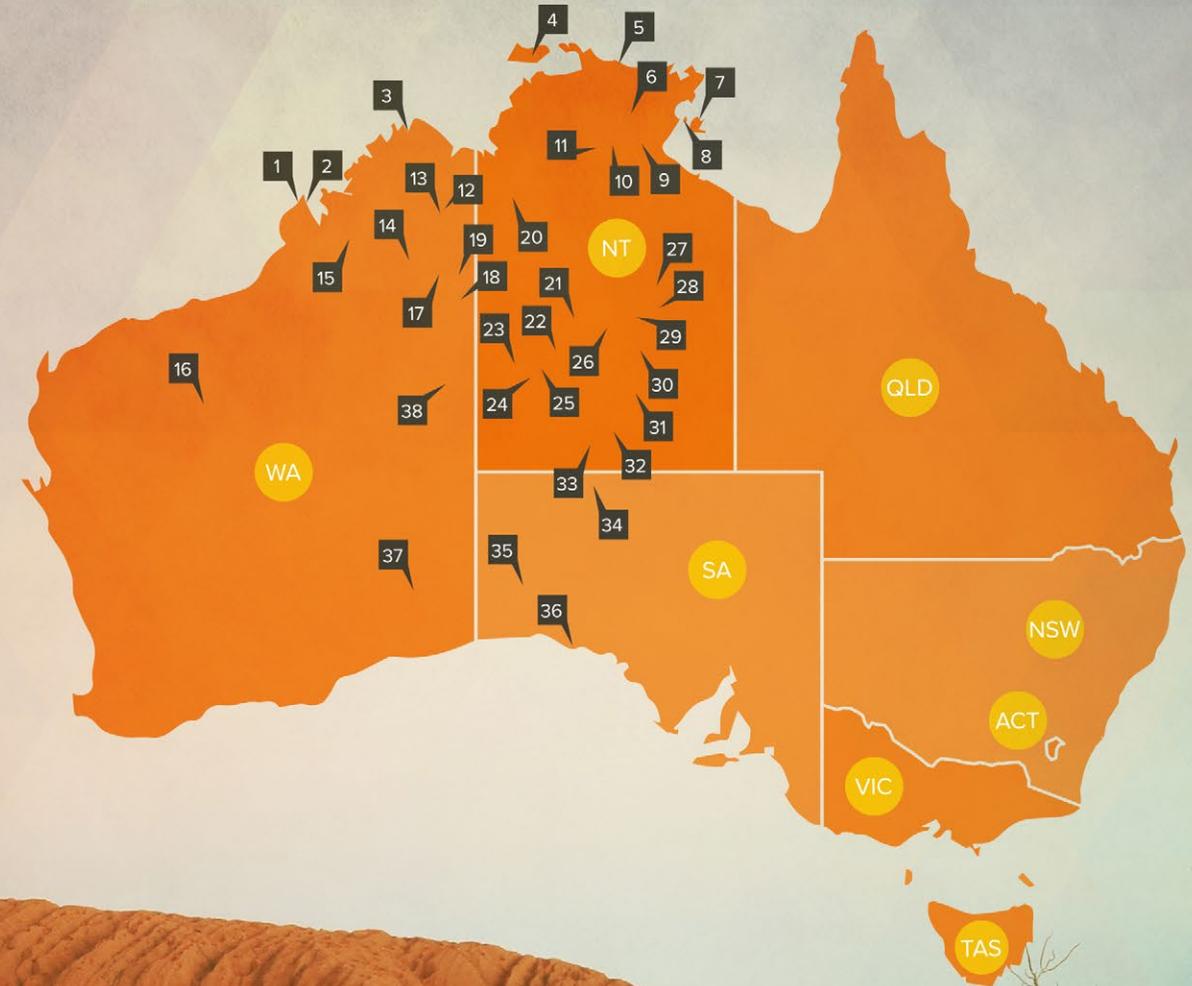
NORTHERN TERRITORY

Ali Curung	29
Angurugu	7
Beswick	10
Bickerton Island	8
Bulman	6
Canteen Creek	28
Engawala	30
Epenarra	27
Imanpa	33
Jilkminggan	11
Maningrida	5
Mt Liebig	24
Ngukurr	9
Nyirripi	23
Papunya	25

Pigeon Hole	20
Titjikala	32
Ti Tree	26
Santa Teresa	31
Willowra	21
Wurrumiyanga (Nguui)	4
Yuendumu	22

SOUTH AUSTRALIA

Mimili	34
Oak Valley	35
Yalata	36



ORGANISATION STRUCTURE



OUR ORGANISATION

PURPOSE

Outback Stores is a Commonwealth owned company with an independent Board of Directors, which provides retail management services to Indigenous-owned stores.

It has been established to improve access to affordable, healthy food for Indigenous 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 Indigenous people.

Location: Outback Stores Darwin Support Office

67 Pruen Rd, Berrimah NT 0828

WORKPLACE PROFILE - SUPPORT OFFICE AND STORE MANAGERS

All Ongoing Employees Current Report Period (2018-19)

	Male			Female			Total
	Fulltime	Part Time	Total	Fulltime	Part Time	Total	
NT	60	-	60	53	4	57	117
WA	12	-	12	10	-	10	22
SA	3	-	3	3	-	3	6
Total	75	-	75	66	4	70	145

*As of 30 June 2019 Outback Stores did not employ any non-ongoing team members

Workplace Profile – Employees in 38 community stores managed by Outback Stores (2018-19)

	Male				Female				Total
	Fulltime	Part Time	Casual	Total	Fulltime	Part Time	Casual	Total	
NT	7	34	38	79	2	60	52	114	193
WA	-	19	18	37	3	24	46	73	110
SA	-	2	3	5	1	4	4	9	14
Total	7	55	59	121	6	88	102	196	317

*As of 30 June 2019 Stores did not have any non-ongoing team members employed

87% of all team members employed in stores identified as Aboriginal or Torres Strait Islander consisting of:

	Male				Female				Total
	Fulltime	Part Time	Casual	Total	Fulltime	Part Time	Casual	Total	
NT	2	33	34	69	-	59	47	106	175
WA	-	15	12	27	-	24	38	62	89
SA	-	2	3	5	1	3	3	7	12
Total	2	50	49	101	1	86	88	175	276

SENIOR LEADERSHIP TEAM

The Senior Leadership Team (SLT) is led by the Chief Executive Officer. The group 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 pages 44-45.

LEARNING AND DEVELOPMENT

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

SUBSIDIARIES

Outback Stores has one subsidiary; Cardwell Supermarket Pty Ltd in Cardwell, Queensland. Information regarding this subsidiary 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.



KEY PERFORMANCE INDICATORS

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

Health and Nutrition	Target	Result
Increase fruit and vegetables tonnage	2.50 %	4.68 %
Reduce full sugar soft drink sales as a % of total drink sales (comparative)	1.00 %	2.59 %

Employment and Training	Target	Result
Aboriginal and Torres Strait Islander remote retail outlet employees (% of employees in all outlets)	83 %	87 %
Aboriginal and Torres Strait Islander Outback Stores support office employees and store management (headcount)	6	7
Permanent Aboriginal and Torres Strait Islander employees enrolled in accredited training programs	60 %	53 %

Expand the network of stores	Target	Result
Increase the number of stores	2	3

GOVERNMENT PRIORITIES OUTBACK STORES' CONTRIBUTION

Outback Stores works towards improving the health and employment of Indigenous Australians. This directly relates to three of the Australian 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 Indigenous 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 Indigenous Australians since 2006 has been one of our cornerstone objectives. At 30th of June 2019, we had 276 Indigenous staff employed in OBS managed stores. Outback Stores is a Registered Training Organisation (RTO), offering nationally recognised qualifications in retail services. This opportunity allows Indigenous 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 National Indigenous Australians Agency. From 1 July 2018 to 28 May 2019, Senator the Hon Nigel Scullion was the Minister responsible for Outback Stores Pty Ltd as Minister for Indigenous Affairs. From 29 May 2019 to 30 June 2019, the Minister responsible for Outback Stores Pty Ltd was the Hon Ken Wyatt AM MP, Minister for Indigenous Australians. 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 2019.

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 63.

Outback Stores directors are appointed by the Minister for Indigenous Australians. 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.

KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION INFORMATION

Public Governance, Performance and Accountability Amendment (Reporting Executive Remuneration) Rules 2019, Schedule 3—Information about executive remuneration.

Remuneration Policy

It is a requirement to agree any remuneration package and wage contract of senior management with the Chairperson. Board approval is required to change the remuneration package of the Chief Executive Officer.

Key factors in determining executive remuneration are the specific skills required to perform the role and the contribution to the company's outcomes. Remuneration components are fixed.

Non-executive remuneration is in accordance with the applicable Part Time Office Bearer determination from the Remuneration Tribunal.

Information about remuneration for key management personnel

For the purposes of subsections 17CA(3) and 28EA(3), information about remuneration for key management personnel is below.

Name	Position Title	Short-term benefits		Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base Salary and Annual Leave	Bonuses	Other benefits & allowances	Super-annuation Contributions	Long Service Leave	Other Long Term Benefits	
Mr. M Borg	CEO	\$304,926	-	\$1,080	\$26,426	\$4,797	-	\$337,229
Mr. J Rathore	CFO	\$218,943	-	\$405	\$18,973	\$16,146	-	\$254,466
Mr. E Ralph	COO	\$226,280	-	\$1,710	\$19,611	\$3,468	-	\$251,068
Mr. R Mead	Group Merchandise & IT Manager	\$200,336	-	\$765	\$17,362	\$2,463	-	\$220,927
Mr. S. Bradley	Chairman (non-executive)	\$19,023	-	-	\$1,807	-	-	\$20,830
Dr. S Gordon	Chairperson (non-executive)	\$57,068	-	\$1,732	\$5,421	-	-	\$64,221
Mr. G. Cook	Director (non-executive)	\$38,050	-	-	\$3,615	-	-	\$41,665
Ms. S. Cleveland	Director (non-executive)	\$38,050	-	-	\$3,615	-	-	\$41,665
Mr. S. Bate	Director (non-executive)	\$38,050	-	-	\$3,615	-	-	\$41,665
Ms. S. Eades	Director (non-executive)	\$38,050	-	-	\$3,615	-	-	\$41,665
Ms. B. Price	Director (non-executive)	\$38,050	-	\$8,606	\$3,615	-	-	\$50,271
Mr. G. Thomas	Director (non-executive)	\$19,025	-	-	\$1,807	-	-	\$20,832
Ms. J. Brimblecombe	Director (non-executive)	\$34,250	-	-	-	-	-	\$34,250
Mr. D. Bouchier	Director (non-executive)	\$9,513	-	-	\$904	-	-	\$10,416
	Total	\$1,279,612	\$ -	\$14,298	\$110,385	\$26,874	\$ -	\$1,431,169

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 Australian Government's self-managed fund. As part of its annual insurance renewal process, Outback Stores reviewed its insurance coverage in 2018-19 financial year to ensure it remained appropriate for its operations. The cost of directors' and officers' indemnity insurance for 2018-19 financial year was \$26,104.34.

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 director's meetings can be found on page 67.

PERFORMANCE EVALUATION

The performance evaluation of the Board of Directors is conducted yearly. The Chairperson discusses with relevant parties whether they feel the board are performing well and if any feedback is required. The

Chairperson 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 Indigenous 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) Indigenous 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, Indigenous employment, community engagement and economic development.

STORE ASSESSMENT COMMITTEE:

The Store Assessment 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 Indigenous 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 67.

OTHER INFORMATION

ENVIRONMENTAL PERFORMANCE AND ECOLOGICALLY SUSTAINABLE DEVELOPMENT

Section 516A of the Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) requires Australian 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 Indigenous 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

Outback Stores Risk Management process is a structured approach to the management of risk, ensuring to establish systems for the ongoing monitoring and review of business risks.

This process also ensures that Outback Stores' approach to risk management is centred on continuous improvement in the risk management systems and processes the organisation adopts.

The business' risk register is reviewed quarterly by the Senior Leadership Team and the Audit and Risk Committee, providing assurance and overview of risk management to the Board.

SIGNIFICANT ACTIVITIES AND CHANGES AFFECTING THE COMPANY

There were no significant activities and changes affecting the Company in the 2018-2019 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 2018-19. The Commonwealth Ombudsman received no complaints regarding Outback Stores.

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The below table is a requirement for Commonwealth companies' annual reports under *Schedule 2B of the PGPA Rule. Section 28E(p)*.

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
28E	Contents of annual report		
28E(a)	Page 46	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(b)	Page 51	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	Page 57	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	Page 57	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(e)	Page 57	Particulars of non-compliance with: <ol style="list-style-type: none"> a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or a government policy order that applied in relation to the company during the reporting period under section 93 of the Act 	If applicable, mandatory
28E(f)	Page 64 - 65	Information on each director of the company during the reporting period	Mandatory
28E(g)	Page 44 - 47	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	Page 46 - 47	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ol style="list-style-type: none"> statistics on full-time employees; statistics on part-time employees; statistics on gender; statistics on staff location 	Mandatory
28E(h)	Page 42-43 & 46-47	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	Page 51 - 54	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory

28E(j), 28E(k)	Page 114	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): <ol style="list-style-type: none"> the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions 	If applicable, mandatory
28E(l)	Page 57	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	NA	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	NA	Particulars of any reports on the company given by: <ol style="list-style-type: none"> the Auditor-General, or a Parliamentary Committee, or the Commonwealth Ombudsman; or the Office of the Australian Information Commissioner; or the Australian Securities and Investments Commission 	If applicable, mandatory
28E(o)	NA	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	Page 52	Information about executive remuneration	Mandatory
28F	Disclosure requirements for government business enterprises		
28F(1)(a)(i)	Page 57	An assessment of significant changes in the company's overall financial structure and financial conditions	If applicable, mandatory
28F(1)(a)(ii)	Page 118	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, mandatory
28F(1)(b)	Page 67	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	NA	Details of any community service obligations the government business enterprise has including: <ol style="list-style-type: none"> an outline of actions taken to fulfil those obligations; and an assessment of the cost of fulfilling those obligations 	If applicable, mandatory
28F(2)	NA	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory

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This document must be attributed as the Outback Stores Pty Ltd Annual Report 2018-2019.

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 2019



Outback Stores Pty Ltd and its Controlled Entities

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Outback Stores Pty Ltd and its Controlled Entities

Directors' 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 2019. 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	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. 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 cross-culturally 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.
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.

cont.

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

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 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.

Dr. S. Gordon AM Dr Gordon AM is a Ngooonooru Wadjari woman from the Yamatji people. A retired magistrate who served for 20 years on the bench of the Children's Court of Western Australia, Dr Gordon AM has had a long and distinguished career, with extensive senior leadership experience. She has worked in the area of Indigenous employment, was a member of the first board of the Aboriginal and Torres Strait Islander Commission, chaired the National Indigenous Council, and led the Gordon Inquiry and the Northern Territory Emergency Response Taskforce. She has a Bachelor of Laws Degree from the University of Western Australia (UWA), an Honorary Degree of Doctor of Letters from UWA, Order of Australia – Australia Medal, Centenary Medal, Defence Service Medal, and was named Senior Woman Lawyer of the Year 2014 by the Women's Lawyers of WA Inc.

Mr. D. Bouchier Daniel Bouchier is a multi-award winning multi-platform journalist. He has reported across the country and around the world for close to 20 years. Daniel has worked as a newspaper reporter, video journalist, foreign correspondent, political reporter, and social commentator. Daniel grew up in the remote Northern Territory town of Tennant Creek, where he was mentored by elders from around the region, while coming to understand his own Indigenous heritage from his mother's side of the family in coastal and inland parts of Victoria.

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

- ▶ Mr. S. Bradley expired on 31 August 2018
- ▶ Mr. G. Thomas expired on 15 December 2018
- ▶ Dr. S. Gordon AM was appointed on 26 October 2018 (Chairperson)
- ▶ Mr. D. Bouchier was appointed on 16 March 2019

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 continued to hold the position of company secretary of the Company.

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).

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Review of operations

Outback Stores managed 39 stores at the end of the financial year. Combined store turnover for the financial year was over \$90.3 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 Group 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.

	2019	2018
	\$	\$
Profit for the year from continuing operations	342,344	96,402
Plus: Income tax expense on profit from continuing operations	148,881	17,244
Profit before income tax from continuing operations	491,225	113,646
Less: Adjustments for non-operating profit		
Revenue from Government grants	2,832,628	2,177,404
Gain on sale of fixed assets	239,192	95,338
Store grant expenditure (underpinning)	(2,709,282)	(2,064,130)
Other grant expenditure	(123,347)	(113,274)
Total non-operating profit from continuing operations	239,191	95,338
Total operating profit from continuing operations	252,034	18,308
Total loss from discontinued operations	(124,576)	(165,463)
Plus: Income tax benefit on loss from discontinued operations	69,956	-
Total operating loss from discontinued operations	(54,620)	(165,463)
Total operating profit / (loss)	197,414	(147,155)

Change in state of affairs

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

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Subsequent events

There has not been any matter or circumstance occurring subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Group, the results of its operations, or the state of affairs of the Group 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 72.

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 2019. The prescribed details for each person covered by this report are detailed below under the following headings:

- ▶ director and senior management details
- ▶ directors' 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 expired on 31 August 2018
- ▶ Dr. S. Gordon AM (Chairperson) appointed on 26 October 2018
- ▶ Mr. G. Cook
- ▶ Mr. G. Thomas expired on 15 December 2018
- ▶ Mr. D. Bouchier appointed on 16 March 2019
- ▶ Ms. S. Cleveland
- ▶ Mr. S. Bate
- ▶ Assoc. Prof. J. Brimblecombe
- ▶ Prof. S. Eades
- ▶ Ms. B. Price

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Senior Management

- ▶ Mr. M. Borg (Chief Executive Officer)
- ▶ Mr. J. Rathore (Chief Financial Officer)
- ▶ Mr. E. Ralph (Group Operations Manager)
- ▶ Mr. R. Mead (Group Merchandise and IT Manager)

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.

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, 6 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
Dr.S.Gordon AM	4	3						
Mr. S. Bradley			6	2	4	1	4	1
Mr. G. Cook	4	4	6	6			4	4
Mr. G. Thomas	4	2			4	1		
Ms. S. Cleveland	4	3	6	4	4	4		
Mr. S. Bate	4	4	6	5	4	4		
Assoc. Prof. J. Brimblecombe	4	4					4	4
Prof. S. Eades	4	3					4	3
Ms. B. Price	4	4					4	4
Mr.D.Bourchier	4	1						

Outback Stores Pty Ltd and its Controlled Entities

Directors' 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 directors

Remuneration has been paid to non-executive directors during the financial year.

	2019 \$	2018 \$
Short term employment benefits	339,466	269,267
Post employment benefits	28,013	24,775
Total remuneration:	367,479	294,042

Executive officers

Short term employee benefits	954,446	934,034
Long term employment benefits	26,873	9,756
Post employment benefits	82,371	81,289
Termination benefits	-	6,673
Total remuneration:	1,063,690	1,031,752

Outback Stores Pty Ltd and its Controlled Entities

Directors' 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



Dr. S. Gordon AM
Chairperson

Darwin, Dated: 19/9/2019

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 2019 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



Dr. S. Gordon AM
Chairperson

Darwin, Dated: 19/9/2019



Dr Susan Gordon
Chair of the Board
Outback Stores Pty Ltd
PO Box 1953
Berrimah NT 0828

**OUTBACK STORES PTY LTD AND ITS CONTROLLED ENTITY'S FINANCIAL REPORT 2018-19
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 2019, 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

18 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Outback Stores Pty Ltd

Opinion

In my opinion, the financial report of Outback Stores Pty Ltd ('the Company') and its subsidiaries (together 'the Group') for the year ended 30 June 2019 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 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 Group, which I have audited, comprises the following statements as at 30 June 2019 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 Group in accordance with the auditor independence requirements of 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 the Company, 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 directors' report for the year ended 30 June 2019, but does not include the financial report 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 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 the Company 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 ability of the Group 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 Group 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 Group'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 Group'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 Group 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 Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rita Bhana

Senior Director

Delegate of the Auditor-General

Canberra

19 September 2019

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Notes	Consolidated	
		2019	2018
Continuing operations		\$	\$
Revenue			
Revenue from government grants	3A	2,832,628	2,177,404
Sale of goods and rendering of services	3B	4,069,154	4,068,755
Interest income	3C	867,959	996,370
Fair value gain on financial instrument at fair value through Profit and Loss	6D	195,387	-
Rental income	3D	7,790	21,931
Store recoveries and charges	3E	8,400,842	8,283,661
Rebates	3F	2,615,013	2,257,580
Other revenue	3G	784,758	466,465
Gain on disposal of fixed assets	3H	239,192	95,338
Total Revenue		20,012,723	18,367,504
Expenses			
Consulting expenditure	4A	195,403	147,757
Depreciation and amortisation	4B	618,920	701,125
Employee benefits expense	4C	12,356,596	12,094,170
Rental expenses	4D	249,303	238,607
Store grant expenditure (underpinning)	4E	2,709,282	2,064,130
Administrative expenditure	4F	3,268,647	2,894,795
Other grant expenditure	4G	123,347	113,274
Total Expenses		19,521,498	18,253,858
Profit before income tax from continued operations		491,225	113,646
Income tax expense	5A	(148,881)	(17,244)
Profit for the year from continuing operations		342,344	96,402
Loss before income tax from discontinued operations		(124,576)	(165,463)
Income tax from discontinued operations	5A	69,956	-
Loss for the year from discontinued operations	20	(54,620)	(165,463)
Total comprehensive income/(loss)		287,724	(69,061)
Profit / (loss) for the year attributable to:		287,724	(69,061)
Owners of the Company			
Total comprehensive income/(loss) for the year attributable to:		287,724	(69,061)
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 2019

	Notes	Consolidated	
		2019	2018
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6A	35,114,732	47,943,291
Trade and other receivables	6C	1,960,419	2,171,468
Inventories	6B	-	276,431
Other financial assets	6D	11,026,252	81,387
Other current assets	6E	46,494	205,767
Total current assets		48,147,897	50,678,344
Assets classified as held for sale	20	1,098,960	-
Non-current assets			
Property, plant and equipment	7	1,915,352	2,755,013
Deferred tax assets	5D	432,804	427,564
Other financial assets	6D	2,157,195	2,163,014
Intangible assets	8	18,217	75,907
Total non-current assets		4,523,568	5,421,498
Total Assets		53,770,425	56,099,842
LIABILITIES			
Current liabilities			
Trade and other payables	9A	1,005,934	1,537,601
Deferred revenue - government grants	9B	8,968,573	11,556,656
Provisions	9C	1,005,521	996,930
Current tax liabilities	5C	83,833	-
Total current liabilities		11,063,861	14,091,187
Liabilities directly associated with assets classified as held for sale	20	371,524	-
Non-current liabilities			
Provisions	9C	367,446	332,207
Deferred tax liabilities	5D	62,979	59,557
Total non-current liabilities		430,425	391,764
Total Liabilities		11,865,810	14,482,951
Net Assets		41,904,615	41,616,891
EQUITY			
Issued capital	10	40,000,001	40,000,001
Retained earnings		1,904,614	1,616,890
Total Equity		41,904,615	41,616,891

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 2019

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2017	40,000,001	1,685,951	41,685,952
Loss for the year	-	(69,061)	(69,061)
Total comprehensive loss for the year	-	(69,061)	(69,061)
Balance at 30 June 2018	40,000,001	1,616,890	41,616,891
Balance at 1 July 2018	40,000,001	1,616,890	41,616,891
Profit for the year	-	287,724	287,724
Total comprehensive income for the year	-	287,724	287,724
Balance at 30 June 2019	40,000,001	1,904,614	41,904,615

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		21,180,061	22,262,193
Grants received		247,500	165,000
Total cash received		21,427,561	22,427,193
Cash used			
Payments to suppliers and employees		(21,219,045)	(22,242,872)
Income taxes paid		-	(22,954)
Total cash used		(21,219,045)	(22,265,826)
Net cash from operating activities	12B	208,516	161,367

cont.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)

for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		407,952	109,716
Amounts received from stores under commercial loans		233,250	156,354
Bond deposits received		12,718	10,275
Interest received		867,959	996,514
Net cash from investing activities		1,521,879	1,272,859
Cash used			
Payments for property, plant and equipment	7	(595,980)	(531,108)
Investment in managed funds		(10,750,000)	-
Underpinning payments for stores and other grants		(2,832,628)	(1,968,028)
Payments to stores under commercial loans		(240,046)	-
Total cash used		(14,418,654)	(2,499,136)
Net cash used in investing activities		(12,896,775)	(1,226,277)
Net decrease in cash and cash equivalents		(12,688,259)	(1,064,910)

Cash and cash equivalents at the beginning of the year		47,943,291	49,008,201
Cash and cash equivalents at the end of the year		35,255,032	47,943,291
Less: Cash and cash equivalents relating to discontinued operations	20	(140,300)	-
Cash and cash equivalents at the end of the year from continuing operations	6A	35,114,732	47,943,291

The 2018 comparative disclosures have been restated with Receipt from customers now stated as \$22,262,193 (2018 financial statements: \$20,249,789) and Grants received now stated as \$165,000 (2018 financial statements: \$2,177,404). The restatement of comparative figures is due to incorrect classification of amounts in the prior year. This restatement does not have any impact on the reported loss or net equity in the prior year.

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 2019

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 the 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 Company's registered office and principal place of business 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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- ▶ AASB 9 Financial Instruments and related amending Standards
- ▶ AASB 15 Revenue from Contracts with Customers and related amending Standards
- ▶ AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- ▶ AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- ▶ Interpretation 22 Foreign Currency Transactions and Advance Consideration

AASB 9 Financial Instruments

In the current year, the Group has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 July 2018. The Group has elected not to restate comparatives in respect of the classification and measurement of financial instruments in accordance with the allowed exemptions under the transition policies.

AASB 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied AASB 9 in accordance with the transition provisions set out in AASB 9. (a) Classification and measurement of financial assets. The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018. Accordingly, the Group has applied the requirements of AASB 9 to instruments

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- ▶ The entity's loans to Wirrimanu Community Store Aboriginal Corporation and Nyrippi Aboriginal Corporation were classified as loans and receivables under AASB 139 and were measured at amortised cost. It will continue to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- ▶ The Company has performed an assessment of its bond with Qantas Airways Limited based on the SPPI model. The Company concluded that the contractual cash flow from Qantas bond solely represents interest, with an expected principal payout at maturity. The intention of the Directors of the Company is to hold the investment until maturity in order to collect the interest and principal. Accordingly, the investment is considered as held-to-collect and measured at amortised cost with interest earned being recognised in profit or loss which is consistent with current classification and measurement. The bond investment was classified as Loans and receivables under AASB 139 and has been reclassified as a Financial asset at amortised cost under AASB 9.

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in the current year.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

AASB 9 allows practical expedients to measure expected credit losses, as long as they are in line with AASB 9. The Group's 10 years historical data on past losses incurred adjusted for the forward looking factors such as market conditions and debtor risk profile have been considered to determine the expected credit losses.

The additional credit loss allowance from implementation of ECL does not have any material impact on the credit loss allowance at 1 July 2018 hence no adjustment in loss allowance has been recorded on initial application of AASB 9. The application of ECL resulted in an additional impairment provision of \$6,213 which has been adjusted in the current year.

The application of AASB 9 has had no impact on the classification and measurement of the Group's financial liabilities.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under AASB 139 that were subject to reclassification or which the Group has elected to reclassify upon the application of AASB 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of AASB 9.

There was no impact on opening balances of financial assets on 1 July 2018 on initial application of AASB 9.

The application of AASB 9 has had no impact on the consolidated cash flows of the Group.

Outback Stores Pty Ltd and its Controlled Entities
 Notes to the financial statements for the year ended 30 June 2019
Note 2: Summary of significant accounting policies (cont)

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's consolidated financial statements are as described below.

The Group has elected to use the modified retrospective method when AASB 15 is first adopted. The cumulative effect of initially applying AASB 15 is recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018 (i.e. the adjustment is made to the statement of financial position at the start of the current reporting period).

The Group's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Group.

In the current year, the Group has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for an annual period that begins on or after 1 July 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Outback Stores Pty Ltd and its Controlled Entities
 Notes to the financial statements for the year ended 30 June 2019
Note 2: Summary of significant accounting policies (cont)

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 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 2022	30 June 2023
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 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
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	30 June 2020
AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1 January 2019	30 June 2020
AASB 2018-3 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements	1 January 2019	30 June 2020
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021

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 2019

Note 2: Summary of significant accounting policies (cont)

AASB 16 Leases

General Impact of Application

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of AASB 16 for the Group will be 1 July 2019.

The Group has chosen the modified retrospective application of AASB 16 in accordance with AASB 16:C5. Consequently, the Group will not restate the comparative information instead recognise the cumulative effect of initial application at the date of initial application.

In contrast to lessee accounting, AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset, and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of AASB 16, the Group has carried out an implementation project. The project has shown that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of \$362,297.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

A preliminary assessment indicates that \$332,946 of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset of \$1,305,498 and a corresponding lease liability of \$1,305,498 in respect of the Darwin Support office lease. The impact on profit or loss is to decrease rental expenses by \$220,884 to increase depreciation by \$174,072 and to increase interest expense by \$87,912.

The preliminary assessment indicates that \$29,351 of these arrangements relate to short-term leases and leases of low-value assets.

Under AASB 117, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under AASB 16 has not been assessed by the management.

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 2019 were approved and authorised for issue by the Board of Directors on 19 September 2019.

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 2019

Note 2: Summary of significant accounting policies (cont)

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 in 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 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 2019

Note 2: Summary of significant accounting policies (cont)

(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 'Share-based 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

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

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.

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) Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually.

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 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.

(c) 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.

(d) 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.

(e) 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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

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.

(f) Financial instruments

Financial assets:

With the implementation of AASB 9, financial instruments for the first time in 2019, the Group classifies its financial assets in the following categories:

- a. financial assets at fair value through profit or loss; and
- b. financial assets measured at amortised cost.

The classification depends on both the Group's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the Group becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

(g) **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.

(h) **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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

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

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the 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.

(j) **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

Outback Stores Pty Ltd and its Controlled Entities
 Notes to the financial statements for the year ended 30 June 2019
Note 2: Summary of significant accounting policies (cont)

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.

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.

(k) 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.

(l) 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>2019</u>	<u>2018</u>
Trademarks	10 years	10 years
IT software	3 years	3 years

Outback Stores Pty Ltd and its Controlled Entities
 Notes to the financial statements for the year ended 30 June 2019
Note 2: Summary of significant accounting policies (cont)

(m) 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.

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(c). 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.

(n) Property, plant and equipment

Property represents land, portable housing and fixtures in remote communities and are stated at cost less accumulated depreciation and accounting impairment losses. Land is not depreciated and recorded at cost.

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

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

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	2019	2018
Containers	20%	20%
Furniture and Fittings	20%	20%
Housing	10%	10%
IT Equipment	10% - 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.

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 based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue which it transfers control of a product or service to a customer.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

Sale of goods

Revenue from the sale of goods is recognised when the control of the goods are transferred being at the time when the customer purchases the goods at the store.

Rendering of services

Revenue from a contract to provide services is recognised as performance obligation is satisfied over time. Revenue from service contracts is recognised based on 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(m).

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 outlined in note 2(h).

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.

(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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 2: Summary of significant accounting policies (cont)

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:

- 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 (k). The net realisable value of inventories is the estimated selling price in the ordinary 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.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 3: Revenue

	Consolidated	
	2019	2018
	\$	\$

Note 3A: Revenue from Government Grants

Grants from related entities:		
Department of Social Services - Food Grant	1,405,428	1,109,788
Department of Social Services - Food Security	1,305,453	955,942
Department of the Prime Minister and Cabinet - Nutrition Grant	121,747	111,674
Total revenue from Government Grants	2,832,628	2,177,404

Note 3B: Sale of goods and rendering of services

Management fees	2,270,086	4,068,755
Accounting fees	1,799,068	-
Total sale of goods and rendering of services	4,069,154	4,068,755

Note 3C: Interest income

Financial Institutions	42,523	25,844
Loans to Stores	108,643	116,985
Term Deposits	716,793	853,541
Total interest income	867,959	996,370

Note 3D: Rental income

Operating lease:		
House	7,790	21,931
Total rental income	7,790	21,931

Note 3E: Store recoveries and charges

Managers Services on-charged	6,816,855	6,706,927
Recoveries from Managed Stores	1,583,987	1,576,734
Total store recoveries and charges	8,400,842	8,283,661

Note 3F: Rebates

Rebates received	2,615,013	2,257,580
Total rebates received	2,615,013	2,257,580

cont.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 3: Revenue (cont)

	Consolidated	
	2019	2018
	\$	\$
<u>Note 3G: Other revenue</u>		
Commission received	5,939	6,584
Consultancy fees	250,825	234,785
Sundry income	243,326	60,579
Training government subsidy	284,668	164,517
Total other revenue	784,758	466,465
<u>Note 3H: Gain on disposal of fixed assets</u>		
Gain on disposal of fixed assets	239,192	95,338
Total gain on disposal of fixed assets	239,192	95,338

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 4: Expenses

	Consolidated	
	2019	2018
	\$	\$
<u>Note 4A: Consulting expenditure</u>		
Consultancy fees	115,621	141,189
Legal fees	79,782	6,568
Total consulting expenditure	195,403	147,757
<u>Note 4B: Depreciation and amortisation</u>		
Amortisation of intangible assets	57,689	60,046
Depreciation of property, plant and equipment	561,231	641,079
Total depreciation and amortisation	618,920	701,125
<u>Note 4C: Employee benefits expense</u>		
Wages and salaries	11,139,340	10,960,204
Travel and other allowances	124,680	99,280
Superannuation contributions - defined contribution plans	981,396	970,459
Staff incentive provision	11,832	11,183
Leave and other entitlements	99,348	53,044
Total employee benefit	12,356,596	12,094,170
<u>Note 4D: Rental expenses</u>		
Operating lease rentals	249,303	238,607
Total rental expenses	249,303	238,607

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 4: Expenses (cont)

	Consolidated	
	2019	2018
	\$	\$
Note 4E: Store grant expenditure		
Barunga - Barunga Community Store Indigenous Corporation - Ngan Jiingurru Store	101,515	10,500
Beagle Bay - Ngarlan Store Indigenous Corporation	73,738	-
Jigalong - Jigalong Community Enterprises Pty Ltd atf Jigalong Community Unit Trust	243,749	253,546
Engawala - Ntjaminya General Store Aboriginal Corporation	72,258	100,457
Epenarra - Wetengerr Aboriginal Corporation	74,668	83,102
Imanpa - Imanpa General Store Anangu Aboriginal Corporation	222,779	260,174
Jilkminggan - Dungalan Aboriginal Corporation	266,035	109,048
Mulan - Pinanyi Store Aboriginal Corporation	235,692	159,895
Pigeon Hole - Nitjpurru Aboriginal Corporation	195,785	118,783
Ringer Soak - Kundat Djaru Community Store Aboriginal Corporation	289,281	202,350
Titjikala - Titjikala Community Store Aboriginal Corporation	160,606	64,729
Ti Tree - Anmatjere Community Store Aboriginal Corporation	218,568	144,806
Yiyili - Yiyili Store Indigenous Corporation	141,684	88,960
Mt Liebig - Mt Liebig Community Store Aboriginal Corporation	-	18,125
Timber Creek - Wirib Pty Ltd T/as Wirib Store and Tourism Park	106,177	360,283
Oak Valley - Oak Valley (Maralinga) Inc T/as Oak Valley Community Store	50,000	56,863
Lagulalya - Lagulalya Aboriginal Corporation	88,625	32,509
Tjuntjuntjara Community Store	88,325	-
Nyirripi Community Store	64,004	-
Bardi Ardyaloon Store	15,793	-
Total store grant expenditure	2,709,282	2,064,130

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 2019

Note 4: Expenses (cont)

	Consolidated	
	2019	2018
	\$	\$
Note 4F: Administrative expenditure		
Travel and accommodation	446,578	410,244
Bad debts	6,327	13,503
Information technology	268,168	219,280
Recruitment costs	24,145	29,466
Insurance	511,642	351,245
Accountancy fees	40,845	34,191
Audit fees	48,100	44,200
Motor vehicle	244,584	227,661
Fringe benefit and payroll tax	782,367	730,311
Training	188,028	145,928
Communication	82,771	80,861
Change in fair value of Bardi Ardyaloon loan	20,658	-
Other expenses	604,434	607,905
Total Administrative expenditure	3,268,647	2,894,795

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 4: Expenses (cont)

	Consolidated	
	2019	2018
	\$	\$

Note 4G: Other grant expenditure

Expenditure of grants received from other entities:		
Food Security	1,600	1,600
Nutrition	121,747	111,674
Total other grant expenditure	123,347	113,274

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	48,100	44,200
RSM Australia Pty Ltd - non audit service	3,200	1,600
Total auditors' remuneration	51,300	45,800

The comparative figures have been adjusted to include non audit fees paid to RSM Australia Pty Ltd of \$1,600. This does not have any impact on the reported loss or net equity in the prior year.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 5: Income tax expense

	Consolidated	
	2019	2018
	\$	\$

Note 5A: Income tax recognised in profit or loss

Tax expense comprises:		
Current tax expense in respect of the current year - continuing operations	144,118	-
Current tax expense in respect of the current year - discontinued operations	(60,285)	-
Current tax	83,833	-
Deferred tax expense relating to the origination and reversal of temporary differences - continuing operations	4,763	17,244
Deferred tax expense relating to the origination and reversal of temporary differences - discontinued operations	(9,671)	-
Total income tax expense	78,925	17,244

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:

Profit (loss) before income tax	366,649	(51,817)
Income tax expense calculated at 30% (2018: 27.5%)	109,994	(14,250)
Effect of expenses that are not deductible in determining taxable profit	2,386	4,439
Adjustment to tax balances on tax consolidation	-	24,581
Prior year adjustment	-	2,474
Change in effective tax rate	(33,455)	-
Income tax expense in statement of comprehensive income	78,925	17,244

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

Note 5B: Franking Credits

Opening balance	2,507,663	2,484,709
Tax paid	-	22,954
Closing balance	2,507,663	2,507,663

Note 5C: Current tax liabilities

Current tax liabilities		
Income tax payable	83,833	-
Closing balance	83,833	-

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 5: Income tax expense (cont)

Note 5D: Deferred tax balances

Consolidated

Deferred tax assets / (liabilities) arise from the following:

	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	Total
2019	\$	\$	\$	\$	\$
Temporary differences					
Unrealised gains on investment	-	-	(58,616)	-	(58,616)
Prepayments	(46,365)	-	41,830	-	(4,535)
Property, plant & equipment and Intangible assets	9,847	-	(6,771)	-	3,076
Other assets	102,070	-	(104,919)	-	(2,849)
Accrued expenses	3,848	-	2,580	-	6,428
Employee benefits	289,932	-	121,958	-	411,890
Provision for audit fees	12,155	-	2,275	-	14,430
Fringe benefit and payroll tax	3,101	-	(3,101)	-	-
Discontinued operations	(6,581)	-	9,672	-	3,091
	368,007	-	4,908	-	372,915

Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	62,979
Deferred tax liability attributable to discontinued operations	17,803
	80,782
Deferred tax asset attributable to continuing operations	432,804
Deferred tax asset attributable to discontinued operations	20,893
	453,697

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 5: Income tax expense (cont)

Note 5D: Deferred tax balances, cont.

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

Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	59,557
	59,557
Deferred tax asset attributable to continuing operations	427,564
	427,564

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 6: Assets

	Consolidated	
	2019	2018
	\$	\$

Note 6A: Cash and cash equivalents

Cash	25,774,732	34,943,291
Short term deposits	9,340,000	13,000,000
Total cash and cash equivalents	35,114,732	47,943,291

The effective interest rate on short term deposits was 1.81% (2018: 2.65%).

Note 6B: Inventories

Finished goods at cost	-	276,431
	-	276,431

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 discontinued operations was \$4,012,202 (2018: \$3,405,225).

Note 6C: Trade and other receivables

Trade receivables (i)		
Goods and services receivables	1,873,581	2,017,008
Rebates receivable	-	47,120
Total trade receivables	1,873,581	2,064,128
Other receivables		
Accrued interest	15,279	57,677
Bonds	15,826	14,666
Sundry receivables	55,733	34,997
Total other receivables	86,838	107,340
Total trade and other receivables	1,960,419	2,171,468

- 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 2019

Note 6: Current Assets (cont)

	Consolidated	
	2019	2018
	\$	\$

Net receivables are aged as follows:

Not overdue	1,879,882	2,140,328
Overdue:		
30 to 60 days	4,985	-
60 to 90 days	59,875	11,534
More than 90 days	15,677	19,606
Total trade and other receivables	1,960,419	2,171,468

Note 6D: Other financial assets

Current		
Loans to other entities (i)	80,865	81,387
Investment in managed funds (ii)	10,945,387	-
	11,026,252	81,387
Non-current		
Loans to other entities (i)	1,633,780	1,626,461
Bond deposits	523,415	536,553
	2,157,195	2,163,014
Total other financial assets	13,183,447	2,244,401

- 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%. Out of total loans to other entities, includes \$95,299 interest free loan to Bardi Ardyaloon Store.
- ii. Investment in management funds represents Group's investment in Macquarie Investment's custodial accounts. The Group's investment in various funds is considered to be held for trading. The Group has elected to recognise its investments with Macquarie as fair value through profit or loss on initial recognition. The Group has recorded a fair value gain of \$195,387 as at the reporting date.

Note 6E: Other current assets

Prepayments	46,494	205,767
Total other current assets	46,494	205,767

Outback Stores Pty Ltd and its Controlled Entities
Notes to the financial statements for the year ended 30 June 2019
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
As at 1 July 2018	\$	\$	\$	\$	\$	\$	\$
Gross book value	2,186,138	73,024	1,075,591	176,330	2,950,299	2,281,593	8,742,975
Accumulated depreciation and impairment	(1,064,047)	(72,625)	(343,281)	(150,092)	(2,392,814)	(1,965,103)	(5,987,962)
Net book value 1 July 2018	1,122,091	399	732,310	26,238	557,485	316,490	2,755,013
Additions	-	-	7,602	-	127,844	460,534	595,980
Depreciation	(74,836)	(399)	(70,706)	(3,937)	(313,788)	(160,780)	(624,446)
Transfer to assets held for sale	-	-	(631,065)	-	(5,158)	(6,212)	(642,435)
Disposals	(150,883)	-	-	-	-	(17,877)	(168,760)
Net book value 30 June 2019	896,372	-	38,141	22,301	366,383	592,155	1,915,352

Net book value at 30 June 2019 represented by:

Gross book value	2,035,255	73,024	1,083,193	176,330	3,078,143	2,724,250	9,170,195
Accumulated depreciation and impairment	(1,138,883)	(73,024)	(413,987)	(154,029)	(2,706,602)	(2,125,883)	(6,612,408)
Less: Reclassified as assets held for sale	-	-	(631,065)	-	(5,158)	(6,212)	(642,435)
	896,372	-	38,141	22,301	366,383	592,155	1,915,352

Outback Stores Pty Ltd and its Controlled Entities
Notes to the financial statements for the year ended 30 June 2019
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
As at 1 July 2017	\$	\$	\$	\$	\$	\$	\$
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)
Net book value 1 July 2017	1,232,690	799	787,826	30,175	594,241	299,813	2,945,544
Additions	3,407	-	15,348	-	366,303	146,050	531,108
Depreciation	(114,006)	(400)	(70,864)	(3,937)	(388,681)	(129,373)	(707,261)
Disposals	-	-	-	-	(14,378)	-	(14,378)
Net book value 30 June 2018	1,122,091	399	732,310	26,238	557,485	316,490	2,755,013

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	8,742,975
Accumulated depreciation and impairment	(1,064,047)	(72,625)	(343,281)	(150,092)	(2,392,814)	(1,965,103)	(5,987,962)
	1,122,091	399	732,310	26,238	557,485	316,490	2,755,013

Land is included in housing amounting to \$45,000 (2018: \$45,000). Depreciation charge for the year has been allocated to continuing operations and discontinued operations amounting to \$561,231 and \$63,215 (2018: \$641,079 continued operations and \$66,182 discontinued operation) respectively.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 8: Intangible Assets

	Consolidated		
	Trademarks	IT Software	Total
	\$	\$	\$
As at 1 July 2018			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(589,761)	(605,398)
Net book value 1 July 2018	-	75,907	75,907
Additions	-	-	-
Amortisation	-	(57,690)	(57,690)
Disposals	-	-	-
Net book value 30 June 2019	-	18,217	18,217
Net book value at 30 June 2019 represented by:			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(647,451)	(663,628)
	-	18,217	18,217
As at 1 July 2017			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(529,715)	(545,892)
Net book value 1 July 2017	-	135,953	135,953
Amortisation	-	(60,046)	(60,046)
Net book value 30 June 2018	-	75,907	75,907
Net book value at 30 June 2018 represented by:			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(589,761)	(605,938)
	-	75,907	75,907

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 9: Liabilities

	Consolidated	
	2019	2018
	\$	\$

Note 9A: Trade and other payables

Trade payables	129,467	643,336
Goods and services tax payable	332,311	320,758
Accrued expenses	314,863	449,562
Payroll	1,807	-
Audit fees	48,100	44,200
Fringe benefit and payroll taxes	87,951	79,745
Other liabilities	91,435	-
Total trade and other payables	1,005,934	1,537,601

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)	480,762	616,389
Department of Social Services Food Grant	3,210,674	3,210,674
Unexpended grants - Other		
Governance and Training Grant Funding	5,277,137	7,729,593
Total grants	8,968,573	11,556,656
<i>Grants liabilities are represented by:</i>		
Current	8,968,573	11,556,656
Total grants	8,968,573	11,556,656

Note 9C: Provisions

<u>Current</u>		
Employee benefits	1,005,521	996,930
<u>Non-current</u>		
Employee benefits	367,446	332,207
Total provisions	1,372,967	1,329,137

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 10: Issued Capital

	Consolidated	
	2019	2018
	\$	\$

Authorised and issued shares:

40,000,001 fully paid ordinary shares (2018: 40,000,001 fully paid ordinary shares)

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

Committed at the reporting date but not recognised as payables:

Within one year
One to five years

	Minimum lease payments	
Within one year	241,531	250,326
One to five years	120,766	358,001
	362,297	608,327

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 12: Cash flow reconciliation

	Consolidated	
	2019	2018
	\$	\$

Note 12A

Reconciliation of cash and cash equivalents		
Cash and cash equivalents	35,114,732	47,943,291
Total cash and cash equivalents	35,114,732	47,943,291

Note 12B

Reconciliation of profit / (loss) to cash flows from operating activities		
Profit / (loss) for the year after income tax	287,724	(69,061)
Items reclassified as investing activities:		
Interest received	(867,959)	(996,514)
Food security, nutrition and store expenditure grants	2,832,629	2,177,404
Non cash flows in profit		
Depreciation and amortisation	682,136	767,308
Fair value adjustment	(195,387)	-
Gain on disposal of fixed assets	(239,192)	(95,338)
Changes in net assets and liabilities:		
(Increase) / decrease in assets:		
Trade and other receivables	187,019	358,896
Inventories	23,694	(22,973)
Other current assets	141,128	(52,968)
Deferred tax assets	(26,133)	(5,044)
Increase / (decrease) in liabilities:		
Trade and other payables	(243,836)	172,463
Deferred revenue- Government grants	(2,588,083)	(2,110,469)
Current tax liabilities	83,833	(22,954)
Deferred tax liabilities	21,225	22,288
Provisions	109,718	38,329
Net cash from/(used in) operating activities	208,516	161,367

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

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 is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Company received Grant funding during the year from the Department of The Prime Minister and Cabinet for Nutrition. In the current year there was \$247,500 (2018: \$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 2019

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	
	2019	2018
	\$	\$
Non-executive short term employment benefits	339,466	269,267
Non-executive post employment benefits	28,013	24,775
Short term employment benefits	954,446	934,034
Long term employment benefits	26,873	9,756
Post employment benefits	82,371	81,289
Termination benefits	-	6,673
Total	1,431,169	1,325,794

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. 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 (expired on 31 August 2018)
Dr. S Gordon AM	Chairperson (appointed on 26 October 2018)
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 (expired on 15 December 2018)
Assoc. Prof. J. Brimblecombe	Director (appointed 1 September 2016)
Mr. D. Bourchier	Director (appointed 16 March 2019)

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 15: Financial Instruments

	Consolidated	
	2019	2018
	\$	\$
15A Categories of financial instruments		
Financial Assets under AASB 139		
Loans and receivables:		
Cash and cash equivalents		47,943,291
Trade and other receivables		2,171,468
Other financial assets - loans and bond deposits		2,244,401
Total loans and receivables		52,359,160
Total financial assets under AASB 139		52,359,160
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	35,114,732	
Trade and other receivables	1,960,419	
Other financial assets - loans and bond deposits	2,142,761	
Total financial assets at amortised cost	39,217,912	
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	10,945,387	
Other financial assets - loans	95,299	
Total financial assets at fair value through profit or loss	11,040,686	
Total financial assets under AASB 9	50,258,598	
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	585,672	1,137,098
Deferred Revenue - Government Grants	8,968,573	11,556,656
Total financial liabilities measured at amortised cost	9,554,245	12,693,754

The 2018 comparative disclosures have been restated with Trade and other Payables now reported as \$1,137,098 (2018 financial statements: \$1,537,601). The comparative figure for the prior year for Trade and Other payables has been corrected to exclude goods and services tax payable amounting to \$320,759 and fringe benefit and payroll tax amounting to \$79,744 which was incorrectly included in the prior period balance. This correction does not have an impact on the reported total assets or liabilities in the prior year.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 15: Financial Instruments (cont)

Classification of financial assets on the date of initial application of AASB 9

	AASB 139	AASB 9	AASB 139	AASB 9
	Original Classification	New classification	Carrying Amount as at 1 July 2018	Carrying Amount as at 1 July 2018
Cash and cash equivalents	Loans and Receivables	Amortised Cost	47,943,291	47,943,291
Trade and other receivables	Loans and Receivables	Amortised Cost	2,171,468	2,171,468
Other financial assets - loans and bond deposits	Loans and Receivables	Amortised Cost	2,244,401	2,244,401
Total financial assets			52,359,160	52,359,160

	Consolidated	
	2019	2018
	\$	\$
Net Gains on Financial Assets		
Financial assets at amortised cost		
Interest revenue	867,959	996,370
Net gains on financial assets at amortised cost	867,959	996,370
Financial assets at fair value through profit or loss		
Change in fair value	195,387	-
Net gains on financial assets at fair value through profit or loss	195,387	-

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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 15: Financial Instruments (cont)

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

Other price risk

The Group is exposed to equity price risk arising from equity investments. The Group invested in portfolio which are held for trading purpose. The management has considered the impact of the price changes on its investment to be minimal.

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. As at 30 June 2019, the Group's maximum exposure to credit risk without taking into account any collateral or other credit enhancements is equivalent to the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and maximum amount the entity would have to pay if the financial guarantee is called upon irrespective of the likelihood of the guarantee being exercised.

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 except for the exposure to the price risk related to the investment in financial assets at fair value through profit or loss. The manner in which the risk is measured and managed are detailed below.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

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 table illustrates the maturities for interest bearing financial assets subject to interest rate risk.

	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Consolidation
							Total
	%	\$	\$	\$	\$	\$	\$
2019							
Short term deposits (fixed interest rate)	1.30%	-	8,500,000	840,000	-	-	9,340,000
Other cash & cash equivalents (variable interest)	0.90%	-	-	25,774,732	-	-	25,774,732
Store loans (fixed interest rate)	5.92%	-	-	80,865	1,633,780	-	1,714,645
Bond deposits	5.48%	-	-	-	523,415	-	523,415
		-	8,500,000	26,695,597	2,157,195	-	37,352,792
2018							
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

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 15: Financial Instruments (cont)

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 table 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.

	Consolidation						
	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	\$	\$	\$	\$	\$	\$
2019							
Trade and other payables	-	-	585,672	-	-	-	585,672
Deferred revenue	-	-	-	8,968,573	-	-	8,968,573
		-	585,672	8,968,573	-	-	9,554,245
2018							
Trade and other payables	-	-	1,137,098	-	-	-	1,137,098
Deferred revenue	-	-	-	11,556,656	-	-	11,556,656
		-	1,137,098	11,556,656	-	-	12,693,754

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 2019

Financial assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Loans and receivables:				
Financial asset at fair value through profit and loss	10,945,387-	--	-	10,945,387
Loans	-	-	95,299	95,299
Total	10,945,387-	--	95,299	11,040,686

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 2019

Note 16: Parent Entity Disclosures

	Company	
	2019 \$	2018 \$
Financial position		
Assets:		
Current assets	49,614,665	50,862,415
Non-current assets	4,544,461	6,319,963
Total assets	54,159,126	57,182,378
Liabilities		
Current liabilities	11,063,861	13,790,456
Non-current Liabilities	448,228	365,175
Total liabilities	11,512,089	14,155,631
Equity		
Issued capital	40,000,001	40,000,001
Retained earnings	2,647,036	3,026,746
Total equity	42,647,037	43,026,747
	Year ended 2019 \$	Year ended 2018 \$
Comprehensive income		
(Loss) / Profit for the year	(379,710)	243,290
Total comprehensive (loss) / income	(379,710)	243,290

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

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

Note 18: Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets at balance date that required reporting.

Note 19: Subsequent Events

There is no subsequent event at the reporting date which impact the financial statements of the entity.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2019

Note 20: Discontinued Operation

During the year, the directors approved the plan to dispose of the Cardwell Supermarket operations. The disposal is consistent with Outback Stores' focus on the long term objective of managing remote community stores. The Company is actively seeking a buyer for the Cardwell Supermarket business and the sale is expected to be completed by December 2019. In the parent entity disclosures the investment has been impaired to \$700,000.

The results of the discontinued operations (i.e. Cardwell Supermarket) included in the profit or loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2019	2018
	\$	\$
Loss for the year from discontinued operation		
Revenue	5,093,442	4,835,308
Expenses	(5,243,016)	(5,011,077)
Other non-operating income	24,998	10,306
Loss before tax	(124,576)	(165,463)
Attributable income tax benefit	69,956	-
Loss for the year from discontinued operations	(54,620)	(165,463)

The major classes of assets and liabilities comprising the operations classified a held for sale are as follows:

During the year, Cardwell Supermarket contributed \$63,348 (2018: used \$249,704) to the Group's net operating cash flow, paid \$3,720 (2018: \$15,441) in respect of investing activities and paid Nil (2018: Nil) in respect of financing activities.

	2019
	\$
Property plant and equipment	642,435
Deferred tax assets	20,893
Inventories	252,737
Trade receivables	42,595
Cash and bank balances	140,300
Total assets classified as held for sale	1,098,960
Trade payables	287,832
Provisions	65,889
Deferred tax liability	17,803
Total liabilities associated with assets classified as held for sale	371,524
Net assets of disposal group	727,436



PO Box 1953
Berrimah NT | 0828

Outback Stores
67 Pruen Road
Berrimah NT 0828

P: (08) 8982 1900
F: (08) 8982 1901
E: info@outbackstores.com.au

outbackstores.com.au
facebook.com/outbackstores

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