Financial Report

30 September 2023

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Consolidated statement of profit or loss and other comprehensive income

	Notes	2023 $'000	2022 $'000
Revenue	5(a)	**6,013,717**	6,219,232
Other income/(expenses)	5(b)	**173,006**	(239,212)
Raw materials, traded grains and consumables used	6(a)	**(4,086,602)**	(3,832,942)
Employee benefits expense	6(b)	**(294,774)**	(254,517)
Depreciation and amortisation		**(244,324)**	(211,509)
Storage, handling and freight expenses	6(c)	**(541,322)**	(434,181)
Marketing and trading expenses	6(d)	**(324,492)**	(471,911)
Insurance		**(18,189)**	(13,240)
Other expenses	6(e)	**(83,160)**	(52,534)
Interest expense		**(77,266)**	(30,928)
Share of profit/(loss) from associates	12	**86**	8,629
Profit before income tax		**516,680**	686,887
Income tax expense	7	**(79,595)**	(189,158)
Profit attributable to members of Co-operative Bulk Handling Limited		**437,085**	497,729
Other comprehensive income			
Items that will not be reclassified to the profit or loss			
Share of other comprehensive income from associates		**(1,566)**	227
Items that may be reclassified subsequently to the profit or loss			
Foreign currency translation (loss)/gain		**(1,102)**	11,754
Share of other comprehensive income/(expense) from associates		**(1,606)**	(13,510)
Cashflow hedge gain/(loss)		**8,795**	-
Other comprehensive income/(expense) for the year, net of tax		**4,521**	(1,529)
Total comprehensive income/(expense) for the year, attributable to members of Co-operative Bulk Handling Limited		**441,606**	496,200

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

AS AT 30 SEPTEMBER 2023

Consolidated statement of financial position

	Notes	30 September 2023 $'000	30 September 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	18	**227,278**	391,384
Trade and other receivables	13	**444,162**	735,904
Derivative financial instruments	22(d)	**139,558**	291,235
Inventories	14	**1,013,530**	871,912
Prepayments		**10,006**	5,757
Total current assets		**1,834,534**	2,296,192
Non-current assets			
Trade and other receivables	13	**41,909**	40,572
Investments in associates	12	**133,659**	129,964
Derivative financial instruments	22(d)	**7,234**	11,834
Property, plant and equipment	8	**1,874,585**	1,538,588
Intangible assets and goodwill	9	**60,812**	52,426
Right-of-use assets	10(a)	**295,537**	308,975
Total non-current assets		**2,413,736**	2,082,359
Total assets		**4,248,270**	4,378,551
LIABILITIES			
Current liabilities			
Trade and other payables	15	**203,517**	257,738
Interest bearing loans and borrowings	19	**521,338**	719,274
Derivative financial instruments	22(d)	**99,359**	297,241
Income tax payable		**67,360**	133,905
Provisions	17	**41,738**	37,521
Lease liabilities	10(a)	**63,187**	54,989
Other liabilities	16	**113,692**	79,815
Total current liabilities		**1,110,191**	1,580,483
Non-current liabilities			
Trade and other payables	15	**429**	414
Interest bearing loans and borrowings	19	**-**	40,000
Derivative financial instruments	22(d)	**1,610**	4,180
Provisions	17	**43,422**	50,004
Deferred tax liability	7	**10,071**	50,447
Lease liabilities	10(a)	**244,799**	264,301
Total non-current liabilities		**300,331**	409,346
Total liabilities		**1,410,522**	1,989,829
Net assets		**2,837,748**	2,388,722
EQUITY			
Contributed equity	20(a)	**4**	4
Reserves	20(c)	**2,127,809**	1,867,471
Retained earnings		**709,935**	521,247
Total equity		**2,837,748**	2,388,722

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

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Consolidated statement of changes in equity

	Ordinary shares Note 20 $'000	Capital levy reserve Note 20 $'000	General reserve Note 20 $'000	Foreign currency translation reserve Note 20 $'000	Cash flow hedge reserve Note 20 $'000	Retained earnings $'000	Acquisition reserve Note 20 $'000	Total equity $'000
At 1 October 2022	4	52,587	1,847,597	(32,228)	690	521,247	(1,175)	2,388,722
Profit/(loss) for the year	–	–	–	–	–	437,085	–	437,085
Other comprehensive income/(expense)	–	–	–	(1,102)	8,795	–	–	7,693
Share of other comprehensive (expense)/income from associates	–	–	–	(1,420)	(186)	(1,566)	–	(3,172)
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**(2,522)**	**8,609**	**435,519**	**–**	**441,606**
Change in associates' effective interest in its subsidiaries	–	–	–	–	–	7,420	–	7,420
Transfer (to)/from reserves/retained earnings	–	–	254,251	–	–	(254,251)	–	–
At 30 September 2023	**4**	**52,587**	**2,101,848**	**(34,750)**	**9,299**	**709,935**	**(1,175)**	**2,837,748**

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

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Consolidated statement of changes in equity

	Ordinary shares Note 20 $'000	Capital levy reserve Note 20 $'000	General reserve Note 20 $'000	Foreign currency translation reserve Note 20 $'000	Cash flow hedge reserve Note 20 $'000	Retained earnings $'000	Acquisition reserve Note 20 $'000	Total equity $'000
At 1 October 2021	4	52,587	1,631,441	(29,344)	(438)	239,447	(1,175)	1,892,522
Profit/(loss) for the year	-	-	-	-	-	497,729	-	497,729
Other comprehensive income/(expense)	-	-	-	11,754	-	-	-	11,754
Share of other comprehensive (expense)/income from associates	-	-	-	(14,638)	1,128	227	-	(13,283)
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**(2,884)**	**1,128**	**497,956**	**-**	**496,200**
Transfer (to)/from reserves/retained earnings	-	-	216,156	-	-	(216,156)	-	-
At 30 September 2022	**4**	**52,587**	**1,847,597**	**(32,228)**	**690**	**521,247**	**(1,175)**	**2,388,722**

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

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Consolidated statement of cash flows

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		**6,780,037**	6,464,631
Payments to suppliers and employees		**(6,151,574)**	(6,102,973)
		628,463	361,658
Interest received		**46,695**	13,828
Interest and other costs of finance paid		**(75,214)**	(29,812)
Income taxes paid (net)		**(187,224)**	(4,859)
Net operating cash flows	18	**412,720**	340,815
Cash flows from investing activities			
Payments for property, plant and equipment		**(541,399)**	(332,268)
Proceeds from sale of property, plant and equipment		**1,351**	256
Payments for intangible assets		**(17,821)**	(9,074)
Term deposits (net)		**30,124**	(10,428)
Margin deposits (net)		**40,331**	(7,392)
Loans repaid by growers		**153,947**	216,559
Loans to growers		**(151,303)**	(177,196)
Repayments from/(loans to) CBH Grain Pools		**118,453**	(107,961)
Franking credit refund		**83,774**	-
Receipt of asset-related government grants		**4,014**	-
Net investing cash flows		**(278,529)**	(427,504)
Cash flows from financing activities			
Proceeds from borrowings		**2,185,737**	3,636,170
Repayment of borrowings		**(2,424,378)**	(3,352,529)
Repayment of lease liabilities		**(59,458)**	(39,076)
Net financing cash flows		**(298,099)**	244,565
Net (decrease)/increase in cash and cash equivalents		**(163,908)**	157,876
Cash and cash equivalents at the beginning of the financial year		**391,384**	235,278
Effects of exchange rate changes on cash and cash equivalents		**(198)**	(1,770)
Cash and cash equivalents at end of year	18	**227,278**	391,384

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

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Notes to the consolidated financial statements

Overview

1 General information

The consolidated financial statements of Co-operative Bulk Handling Limited (the "Co-operative" or "CBH") and its controlled entities (the "Group") for the year ended 30 September 2023 were authorised for issue in accordance with a resolution of the Directors on 6 December 2023.

CBH is a not-for-profit co-operative limited by shares held by grain growers and domiciled in Western Australia.

The principal activities undertaken by the Group during the financial year comprised grain storage, handling, marketing and trading, oat processing, and fertiliser retailing. In addition the Group has interests in flour processing facilities.

2 Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the *Co-operatives Act 2009, the Australian Charities and Not-for-profits Commission Act 2012* Division 60 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for grain inventory held for trading which has been measured at fair value less costs of disposal and certain financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The financial report covers a period of 12 months from 1 October 2022 to 30 September 2023.

The financial report presents reclassified comparative information where required for consistency with the current year's presentation.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.*

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by CBH as at 30 September 2023 and the results of all subsidiaries for the year then ended. CBH and its subsidiaries together are referred to in this financial report as the Group or consolidated entity. Subsidiaries are entities controlled by the Group.

(c) Foreign currency

The consolidated financial statements are presented in Australian dollars (AUD) which is CBH's functional and presentation currency. For each controlled entity, the Group determines the functional currency. The functional currency of overseas subsidiaries are Hong Kong Dollar (HKD) and Japanese Yen (JPY).

(i) Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective, are recognised in other comprehensive income ("OCI").

(ii) Foreign operations

The assets and liabilities of foreign operations, which includes investments in associates, are translated into the presentation currency of the Group at the reporting date exchange rate. The income and expenses of foreign operations are translated using average rates of exchange for the year.

The exchange differences arising on translation of foreign operations are recognised in OCI and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent assets and liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

In cases where geopolitical events have impacted the markets, the Group has adapted its operations to the uncertainty presented by these circumstances, and a thorough assessment has been made in respect to judgements and assumptions used in mark to market valuations.

Critical accounting policies for which significant judgements, estimates and assumptions are made, are identified in each applicable note.

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Notes to the consolidated financial statements

Current grower value

This section provides information on the Group's performance, including the results of each individual business unit and details of specific line items in the profit or loss.

4 Business unit results

For management purposes, the Group is organised into business units based on its products and services as follows:

Business unit	**Principal activities**
Operations (grain storage and handling)	Receiving and exporting of grain.
Freight Fund	Transporting of grain to port.
Marketing and Trading	Acquiring and trading grain; vessel chartering; provision of financial products and grain pools management services.
Grain Processing (i)	Milling of wheat and oats; malting operations.
Corporate Services	Provision of central support functions and other corporate entity activities.
Other	Stevedoring services, captive insurance and property lease.
Eliminations (ii)	Business unit eliminations include intra-group dividends, revenues, expenses, assets and liabilities related to intra-group transactions eliminated on consolidation.

(i) Includes 100% of the revenue, assets and liabilities of Blue Lake Milling Pty Ltd, and 50% of the revenue, assets and liabilities of Interflour Group Pte ("IFG") and Pacific Agrifoods Limited ("PAL").

(ii) IFG and PAL equity accounted investments are reinstated in eliminations to reconcile to the statutory results.

The Executive Committee monitors the results of the business units separately for the purposes of making decisions about resource allocation and performance assessment.

Business unit performance is evaluated based on operating profit or loss.

Transfer prices between the business units are performed on a commercial basis in a manner similar to transactions with third parties.

Notes to the consolidated financial statements

4 Business unit results (continued)

Year ended 30 September 2023	Operations (grain storage and handling) $'000	Freight Fund $'000	Marketing and Trading $'000	Grain Processing $'000	Corporate Services $'000	Other $'000	Eliminations $'000	Total $'000
Business unit revenue								
Revenue	673,484	388,376	4,630,735	770,764	832	206,622	(657,096)	6,013,717
Intra-unit revenue	170,229	(1,847)	19,352	360	113,465	3,446	(305,005)	-
Total business unit revenue	**843,713**	**386,529**	**4,650,087**	**771,124**	**114,297**	**210,068**	**(962,101)**	**6,013,717**
Total business unit results								
Profit/(loss) before tax	156,059	12,514	251,966	5,446	85,678	7,654	(2,637)	516,680
Income tax expense	-	-	(75,650)	(1,632)	-	(2,313)	-	(79,595)
Profit/(loss) after tax	**156,059**	**12,514**	**176,316**	**3,814**	**85,678**	**5,341**	**(2,637)**	**437,085**
Other business unit information								
Interest revenue	11,966	348	39,323	54	3,149	400	(6,400)	48,840
Interest expense	(4,531)	(6,470)	(65,437)	(2,001)	(1,107)	(4,120)	6,400	(77,266)
Depreciation and amortisation expense	(167,024)	(62,562)	(738)	(3,406)	(7,996)	(25,980)	-	(244,324)
Unrealised gain/(loss) on financial instruments	283	-	28,330	(730)	(313)	8	(55)	27,523
Intra-unit dividend	-	-	-	-	3,500	-	(3,500)	-
Franking credit income	-	-	-	-	83,774	-	-	83,774
Share of profit/(loss) from associates	-	-	-	86	-	-	-	86
Impairment cost	14,923	-	-	-	-	-	-	14,923
Capital expenditure	354,610	108,803	487	1,745	9,747	75,903	-	551,295
Assets (excluding investments in associates)	2,056,158	411,117	1,486,134	489,778	287,227	135,049	(750,852)	4,114,611
Investment in associates	-	-	-	-	-	-	133,659	133,659
Total assets	**2,056,158**	**411,117**	**1,486,134**	**489,778**	**287,227**	**135,049**	**(617,193)**	**4,248,270**
Total liabilities	**243,596**	**411,117**	**759,479**	**324,459**	**135,843**	**38,573**	**(502,545)**	**1,410,522**

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Notes to the consolidated financial statements

4 Business unit results (continued)

Year ended 30 September 2022	Operations (grain storage and handling) $'000	Freight Fund $'000	Marketing and Trading $'000	Grain Processing $'000	Corporate Services $'000	Other $'000	Eliminations $'000	Total $'000
Business unit revenue								
Revenue	467,724	283,580	5,130,583	668,435	763	226,259	(558,112)	6,219,232
Intra-unit revenue	173,943	(827)	17,990	-	87,443	3,791	(282,340)	-
Total business unit revenue	**641,667**	**282,753**	**5,148,573**	**668,435**	**88,206**	**230,050**	**(840,452)**	**6,219,232**
Total business unit results								
Profit/(loss) before tax	57,926	(12,514)	625,739	13,006	170,743	(96)	(167,917)	686,887
Income tax expense	-	-	(187,883)	(1,334)	-	59	-	(189,158)
Profit/(loss) after tax	**57,926**	**(12,514)**	**437,856**	**11,672**	**170,743**	**(37)**	**(167,917)**	**497,729**
Other business unit information								
Interest revenue	2,774	196	11,462	5	1,780	14	(2,176)	14,055
Interest expense	(3,187)	(4,075)	(22,552)	(1,017)	(1,113)	(1,159)	2,175	(30,928)
Depreciation and amortisation expense	(158,118)	(39,761)	(1,098)	(3,203)	(6,306)	(3,023)	-	(211,509)
Unrealised gain/(loss) on financial instruments	(227)	(92)	(87,960)	(217)	4,962	2	60	(83,472)
Intra-unit dividend	-	-	-	-	169,000	-	(169,000)	-
Share of profit/(loss) from associates	-	-	-	8,629	-	-	-	8,629
Capital expenditure	324,139	4,355	651	1,975	8,763	2,025	-	341,908
Assets (excluding investments in associates)	1,963,976	321,193	1,858,245	576,606	285,053	69,962	(826,448)	4,248,587
Investment in associates	-	-	-	-	-	-	129,964	129,964
Total assets	**1,963,976**	**321,193**	**1,858,245**	**576,606**	**285,053**	**69,962**	**(696,484)**	**4,378,551**
Total liabilities	**316,266**	**333,706**	**1,307,442**	**413,670**	**153,415**	**39,411**	**(574,082)**	**1,989,829**

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Notes to the consolidated financial statements

5 Revenue and other income

(a) Revenue

	2023 $'000	2022 $'000
Revenue from contracts with customers		
Grain handling services	**637,128**	450,993
Grain freight services	**388,158**	283,520
Grain sales	**4,543,178**	5,070,255
Sales of finished products	**316,458**	332,990
Management fees	**19,368**	15,363
Interest	**48,840**	14,055
Other revenue	**60,587**	52,056
Total revenue	**6,013,717**	6,219,232

Recognition and measurement

Revenue is recognised at a point in time when the Group transfers control over a good or service to the customer and is measured based on the transaction price specified in a contract with a customer. Revenue is disaggregated based on the major revenue stream categories above. The following specific recognition criteria must also be met before revenue is recognised:

(i) Grain handling services

Revenue is earned from the receival, storage and handling of grain. Revenue recognition for receival and handling occurs as the service is rendered and for storage, it is recognised over the storage period.

(ii) Grain freight services

Revenue is earned from the movement of grain from up-country receival sites to port by either road or rail and is recognised as the freight movement occurs.

(iii) Grain sales

Revenue is generated from the sale of grain overseas and domestically. Revenue is recognised once the control of goods has transferred from the Group to the customer.

The transfer of control of grain usually occurs when title passes to the customer and the customer takes physical possession. The Group principally satisfies its performance obligations at a point in time; the amount of revenue recognised relating to performance obligations satisfied over time for shipping obligations is not significant.

Grain sales are primarily executed in USD. The Group enters foreign currency derivative contracts in order to manage its exposure to fluctuations in foreign exchange rates (refer to Note 22 for the financial risk management policies of the Group). The gain or loss on these contracts forms part of other gains and losses and is disclosed in Note 5(b).

(iv) Sales of finished products

Revenue on finished oat products and fertiliser is recognised once the control of goods has transferred to the customer. Revenue is measured based on consideration specified in the contract with the customer.

(v) Management fees

Management fee revenue applicable to the management and administration of CBH Grain Pools is recognised according to when the services are provided.

(vi) Interest

Interest revenue is recognised as the interest accrues (using the effective interest method) to the net carrying amount of the financial asset.

(vii) Other revenue

Other revenue includes chartering revenue, despatch income and address commission. Chartering revenue and despatch are recognised when the relevant shipment has occurred. Address commission is recognised at the time the vessel is fixed.

30 SEPTEMBER 2023

Notes to the consolidated financial statements

5 Revenue and other income (continued)

(b) Other income/(expenses)

	2023 $'000	2022 $'000
Realised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options (i)	**(157,277)**	(77,712)
Commodity derivatives	**190,844**	(123,744)
Other foreign currency exchange (loss)/gain	**22,906**	45,599
Unrealised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options (i)	**125,976**	(117,842)
Commodity derivatives	**(92,116)**	24,762
Other foreign currency exchange (loss)/gain	**(6,337)**	9,608
Net gain/(loss) on disposal of property, plant and equipment	**979**	(251)
Other income	**4,257**	368
Franking credits income (ii)	**83,774**	-
	173,006	(239,212)

(i) It is the Group's policy to manage its foreign exchange risk through the use of derivative instruments. The current and prior year realised and unrealised gains and losses on foreign exchange are the result of underlying currency movements. These losses and gains are predominantly offset by foreign currency sales receipts (grain sales) recorded in revenue, refer to Note 5(a). Refer to Note 22 for the financial risk management policies of the Group.

(ii) Franking credits income represents the refund of franking credits from the Australian Tax Office, related to fully franked dividends the parent entity received from subsidiaries.

6 Expenses

(a) Raw materials, traded grains and consumables used

	2023 $'000	2022 $'000
Fair value change on traded inventory at year end	**254,202**	(113,658)
Costs of goods sold	**3,829,796**	3,944,716
Changes in other inventories	**2,604**	1,884
	4,086,602	3,832,942

(b) Employee benefits expense

	2023 $'000	2022 $'000
Remuneration, bonuses and on-costs	**269,682**	235,997
Defined contribution superannuation	**25,092**	18,520
	294,774	254,517

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Notes to the consolidated financial statements

6 Expenses (continued)

(c) Storage, handling and freight expenses

	2023 $'000	2022 $'000
Storage and handling	**213,557**	158,427
Freight (i)	**327,765**	275,754
	541,322	434,181

(i) Freight expenses include the amount CBH pays to rail and road transporters to move grain from up-country receival sites to destination sites.

(d) Marketing and trading expenses

	2023 $'000	2022 $'000
Freight (i)	**257,714**	374,290
Demurrage	**9,039**	43,079
Port and export charges	**25,996**	19,899
Storage and handling	**21,040**	19,505
Other (ii)	**10,703**	15,138
	324,492	471,911

(i) Freight expenses include the amount that the Group pays for ocean and domestic freight.

(ii) Other costs include broker costs, quality testing and assurance services.

(e) Other expenses

	Notes	2023 $'000	2022 $'000
Professional and consultancy fees		**16,184**	8,728
Software and licences		**17,127**	14,074
Net movement in provision for expected credit loss	13	**528**	(566)
Rent expense		**5,780**	4,257
Property rates and taxes		**6,140**	7,292
Sponsorship and donations		**1,897**	1,855
Travel and employee related expense		**10,263**	8,596
Impairment costs (i)		**14,923**	-
Other		**10,318**	8,298
		83,160	52,534

(i) Impairment costs relate to the write off of site remediation works carried out that failed to meet required specifications.

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Notes to the consolidated financial statements

7 Income tax

Major components of income tax (benefit)/expense for the year ended 30 September 2023 and the year ended 30 September 2022 are:

	2023 $'000	2022 $'000
Statement of profit or loss and other comprehensive income		
Current income tax		
Current income tax charge	120,890	136,205
Adjustments in respect of current income tax of previous years	(268)	(1)
Deferred income tax		
Relating to origination and reversal of temporary differences	(41,321)	52,842
Adjustments in respect of deferred income tax of previous years	294	112
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	79,595	189,158

A reconciliation between tax expense and the accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

	2023 $'000	2022 $'000
Profit before income tax expense	516,680	686,887
At the Group's statutory income tax rate of 30%	155,004	206,066
Parent entity (profit)/loss (tax exempt)	(75,484)	(14,471)
Other assessable income	38	22
Non-deductible expenses	210	78
Share of equity accounted results of associates	(26)	(2,589)
Difference in effective tax rate of overseas subsidiary	(149)	(27)
Prior year adjustments	2	79
Income tax expense	79,595	189,158

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Notes to the consolidated financial statements

7 Income tax (continued)

Deferred tax	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	30 September 2023 $'000	**30 September 2022 $'000**	**30 September 2023 $'000**	**30 September 2022 $'000**
Deferred income tax assets				
Financial liabilities	**31,902**	91,929	**60,027**	(38,977)
Plant and equipment	**64**	110	**46**	(110)
Accruals and provisions	**3,104**	2,973	**(131)**	55
Other	**1,697**	1,233	**(464)**	(200)
Carry forward tax losses	**-**	-	**-**	40,797
Gross deferred income tax assets	**36,767**	96,245	**59,478**	1,565
Deferred income tax liabilities				
Financial assets	**(40,933)**	(90,921)	**(49,988)**	9,481
Plant and equipment	**(1,513)**	(827)	**686**	(166)
Inventories	**(1,575)**	(50,613)	**(49,038)**	38,897
Prepayments	**(20)**	-	**20**	(10)
Intangible assets	**(289)**	(454)	**(165)**	(165)
Other	**(2,508)**	(3,877)	**(1,369)**	3,352
Gross deferred income tax liabilities	**(46,838)**	(146,692)	**(99,854)**	51,389
Net deferred tax asset/(liability)	**(10,071)**	(50,447)		
Deferred tax (benefit)/expense			**(40,376)**	52,954
Deferred tax (benefit)/expense recognised in statement of profit or loss			**(40,376)**	52,954

Recognition and measurement

(i) Income tax

CBH was retrospectively endorsed by the Australian Taxation Office on 21 March 2014 as a charitable institution by virtue of section 50-5 of the *Income Tax Assessment Act 1997* ("ITAA 1997"), with effect from 1 July 2000.

Current tax assets and liabilities for the current year and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax is not recognised:

- when the deferred income tax liability arises from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

7 Income tax (continued)

Recognition and measurement (continued)

- when the taxable temporary difference is associated with investments in subsidiaries, associates and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Due to the tax exempt status of CBH, no deferred tax amount is recognised in the parent entity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all, or part, of the deferred income tax asset to be utilised.

Income taxes relating to items recognised directly in equity are recorded in equity and not in profit or loss.

(ii) Other taxes

An Indirect Tax Sharing Agreement ('ITSA') is in force between CBH (as the Representative member) and members of the Goods and Services Tax ("GST") Group with the effect of managing the GST liability of the Group. The ITSA covers indirect taxes which include the GST and fuel tax.

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amounts of GST included.

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

Cash flows are presented in the statement of cash flows on a gross basis: receipts from customers include GST on sales, whilst payments to suppliers include GST on purchases and also the amounts which are payable to or recoverable from the taxation authority, including GST on transactions presented in the statement of cash flows as part of investing or financing activities.

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

Significant accounting judgements, estimates and assumptions

Estimation of current tax payable and current tax expense

The Group adopts a tax policy requiring compliance with all relevant tax laws and regulations and establishes provisions based on reasonable estimates. The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirement in IFRIC 23 *Uncertainty over Income Tax Treatments*.

Recognition of deferred tax asset for carried forward tax losses

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable future taxable profits will be available against which they can be used.

The Group has deferred tax assets for deductible temporary differences at year end that are available to offset against future taxable profits. Unrealised gains and losses on forward commodity contracts and traded grain inventories will qualify for inclusion in the Group's taxable income only after the underlying financial asset or liability is disposed of or settled.

Based on current years' performance and management's estimates, it is considered probable that future taxable profits will be available against which the current deductible temporary differences can be used and, therefore, the related deferred tax assets can be realised.

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Notes to the consolidated financial statements

Network and intangible assets

This section provides information on the Group's property, plant and equipment, intangible assets and goodwill.

8 Property, plant and equipment

Carrying amounts of property, plant and equipment

30 September 2023	Land and buildings $'000	Leasehold properties $'000	Office furniture and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
At 1 October 2022	1,687,440	1,004	28,891	1,291,214	62,485	311,156	3,382,190
Additions	214,462	6	3,317	49,947	6,719	259,023	533,474
Adjustments to site decommissioning asset	(8,302)	-	-	-	-	-	(8,302)
Disposals	(1)	-	-	(16)	(107)	(959)	(1,083)
Impairment (i)	-	-	-	-	-	(14,923)	(14,923)
Transfers from work-in-progress	109,833	-	107	85,235	3,149	(198,324)	-
At 30 September 2023	2,003,432	1,010	32,315	1,426,380	72,246	355,973	3,891,356
Accumulated depreciation and impairment							
At 1 October 2022	(969,128)	(313)	(24,484)	(802,514)	(47,163)	-	(1,843,602)
Depreciation expense	(115,375)	(56)	(1,204)	(52,678)	(3,980)	-	(173,293)
Disposals	-	-	-	17	107	-	124
At 30 September 2023	(1,084,503)	(369)	(25,688)	(855,175)	(51,036)	-	(2,016,771)
Net book value at 30 September 2023	**918,929**	**641**	**6,627**	**571,205**	**21,210**	**355,973**	**1,874,585**

(i) Impairment relates to the write off of site remediation works carried out that failed to meet required specifications.

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Notes to the consolidated financial statements

8 Property, plant and equipment (continued)

Carrying amounts of property, plant and equipment (continued)

30 September 2022	Land and buildings $'000	Leasehold properties $'000	Office furniture and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
At 1 October 2021	1,556,839	997	27,910	1,231,562	55,666	182,164	3,055,138
Additions	57,111	7	455	17,109	5,443	252,709	332,834
Adjustments to site decommissioning asset	5,194	-	-	-	-	-	5,194
Disposals	(4,134)	-	(243)	(1,604)	(101)	(4,894)	(10,976)
Transfers from work-in-progress	72,430	-	769	44,147	1,477	(118,823)	-
At 30 September 2022	1,687,440	1,004	28,891	1,291,214	62,485	311,156	3,382,190
Accumulated depreciation and impairment							
At 1 October 2021	(863,780)	(256)	(23,864)	(759,051)	(43,089)	-	(1,690,040)
Depreciation expense	(109,365)	(57)	(817)	(44,463)	(4,158)	-	(158,860)
Disposals	4,017	-	197	1,000	84	-	5,298
At 30 September 2022	(969,128)	(313)	(24,484)	(802,514)	(47,163)	-	(1,843,602)
Net book value at 30 September 2022	**718,312**	**691**	**4,407**	**488,700**	**15,322**	**311,156**	**1,538,588**

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Notes to the consolidated financial statements

8 Property, plant and equipment (continued)

Recognition and measurement

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Capital works-in-progress are valued at cost and when the asset is available and ready for use, it is transferred to the appropriate category.

Any gain or loss arising on disposal of an asset is recognised in profit or loss.

(i) Depreciation

Plant and equipment, excluding rail rolling stock, is depreciated over its estimated useful life on a straight line basis commencing from the time the asset is held ready for use.

The expected useful lives for current and comparative periods are as follows:

Buildings: 10-50 years
Plant and equipment: 3-40 years
Motor vehicles: 7-15 years
Office furniture and equipment: 5-20 years

Depreciation of rail rolling stock

The rail rolling stock included in plant and equipment, comprising locomotives and wagons, is depreciated on a usage basis. The usage is assessed based on the tonnes moved to port via rail each year as a percentage of total tonnes expected to be moved over the life of the locomotives and wagons.

Depreciation of site decommissioning assets

Assets recognised in relation to site decommissioning costs are depreciated on a straight line basis over the estimated useful life of the assets, commencing from the time the sites are ready for use and ending on the earlier of the planned decommissioning date and site lease maturity date.

(ii) Repairs and maintenance

When a major component of an asset is replaced, the costs are capitalised and depreciated. All other repair and maintenance costs are recognised in profit or loss as incurred.

Significant accounting judgements, estimates and assumptions

Impairment policy

The Group assesses indicators of impairment for all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic, environmental and political conditions and future product expectations.

If any such indicator exists, the Group makes an estimate of the asset's recoverable amount. An impairment loss is recognised in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical and industry experience (for plant and equipment), lease term (for leased equipment) and turnover policies (for motor vehicles). Adjustments to useful lives are made when considered necessary. Rail rolling stock of $99,053,371 (2022: $97,030,000) is included in plant and equipment, the depreciation profile is based on the total tonnage moved to port via rail each year as a percentage of total tonnage expected to be moved over the life of the locomotives and wagons.

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Notes to the consolidated financial statements

9 Intangible assets and goodwill

30 September 2023	Goodwill $'000	Software costs $'000	Software development in progress $'000	Customer contracts $'000	Other $'000	Total $'000
Cost						
At 1 October 2022	21,373	176,095	11,093	5,500	484	214,545
Additions	5,586	7,114	5,121	-	-	17,821
Disposal and write-offs	-	-	-	-	(2)	(2)
Transfers from work-in-progress	-	2,739	(2,739)	-	-	-
At 30 September 2023	26,959	185,948	13,475	5,500	482	232,364
Accumulated amortisation						
At 1 October 2022	-	(158,131)	-	(3,988)	-	(162,119)
Amortisation	-	(8,883)	-	(550)	-	(9,433)
At 30 September 2023	-	(167,014)	-	(4,538)	-	(171,552)
Net book value at 30 September 2023	**26,959**	**18,934**	**13,475**	**962**	**482**	**60,812**

30 September 2022	Goodwill $'000	Software costs $'000	Software development in progress $'000	Customer contracts $'000	Other $'000	Total $'000
Cost						
1 October 2021	21,373	168,351	11,338	5,500	-	206,562
Additions	-	1,170	7,420	-	484	9,074
Disposal and write-offs	-	-	(1,091)	-	-	(1,091)
Transfers from work-in-progress	-	6,574	(6,574)	-	-	-
30 September 2022	21,373	176,095	11,093	5,500	484	214,545
Accumulated amortisation						
1 October 2021	-	(148,483)	-	(3,438)	-	(151,921)
Amortisation	-	(9,648)	-	(550)	-	(10,198)
30 September 2022	-	(158,131)	-	(3,988)	-	(162,119)
Net book value at 30 September 2022	**21,373**	**17,964**	**11,093**	**1,512**	**484**	**52,426**

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Notes to the consolidated financial statements

9 Intangible assets and goodwill (continued)

Recognition and measurement

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised, however its carrying amount is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Software and software development costs

Costs incurred in developing products or systems and acquiring software and licences that are controlled by the Group and will contribute to future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful life.

Software development costs are recognised only when the Group can demonstrate the technical feasibility of completing the development project, its intention to complete and its ability to use the asset to generate future economic benefits.

Computer software amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation is recognised in profit or loss and included in depreciation and amortisation expense.

The estimated useful lives for current and comparative periods for computer software range between 4-8 years.

Costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Costs that do not result in intangible assets are expensed as incurred, unless they are deemed to not be distinct from the underlying use of the cloud computing application software, in which case the costs are recorded as a prepayment for services and amortised over the contract term of the cloud computing arrangement.

(iii) Customer contracts

Intangible assets in relation to customer contracts have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. Customer contracts are amortised over their useful lives using the straight line method. The estimated useful life for customer contract is 10 years and amortisation is recognised in profit or loss and included in depreciation and amortisation expense.

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

Significant accounting judgements, estimates and assumptions

Impairment of goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

Goodwill primarily relates to the acquisition of Blue Lake Milling Pty Ltd ("BLM") in 2015 (carrying amount: $18,180,000).

Blue Lake Milling

The carrying amount of goodwill relating to the acquisition of BLM in 2015 was $18,180,000. The Group has determined the recoverable amount of BLM using the value in use methodology.

The calculation of value in use is most sensitive to the following key assumptions:

- **Oat volumes and prices:** based on budgeted volumes and prices, adjusted for inflation.
- **Cash flows:** management forecasts projected over a period of five years and a terminal growth factor thereafter.
- **Discount rates:** reflect management's estimate of the time value of money and the risks to the CGU that are not already reflected in the cash flows. In determining appropriate discount rates, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to BLM. A pre-tax nominal discount rate of 11.43% was applied to the forecast cash flows.
- **Terminal value growth rate:** based on long term growth in agricultural production. A rate of 1.2% was used.

Sensitivity testing of key assumptions indicates that a reasonably possible change in any of the above key assumptions would not result in the carrying value of the CGU materially exceeding its recoverable value.

9 Intangible assets and goodwill (continued)

Significant accounting judgements, estimates and assumptions (continued)

Software-as-a-Service arrangement

In respect of configuration and customisation costs incurred in implementing software as a service arrangements (SaaS), management has considered the following key judgements that may have significant effect on the amounts recognised in financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Non-distinct configuration and customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

During the financial year, the Group did not recognise any prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Group has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application. Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*.

10 Leases

This note provides information on leases where the Group is a lessee.

(a) Reconciliation of carrying amounts

30 September 2023	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Right-of-use assets					
Cost					
At 1 October 2022	110,610	105,745	177,041	297	393,693
Additions	3,749	–	30,413	–	34,162
Disposals	(4,695)	–	(12,174)	–	(16,869)
Lease remeasurement	5,028	3,709	5,516	–	14,253
Foreign currency translation	(13)	–	–	–	(13)
At 30 September 2023	**114,679**	**109,454**	**200,796**	**297**	**425,226**
Accumulated depreciation					
At 1 October 2022	(20,733)	(42,305)	(21,491)	(189)	(84,718)
Depreciation	(7,462)	(15,623)	(38,472)	(41)	(61,598)
Disposals	4,445	–	12,174	–	16,619
Foreign currency translation	8	–	–	–	8
At 30 September 2023	**(23,742)**	**(57,928)**	**(47,789)**	**(230)**	**(129,689)**
Carrying amount at 30 September 2023	**90,937**	**51,526**	**153,007**	**67**	**295,537**

30 September 2022	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Right-of-use assets					
Cost					
At 1 October 2021	90,983	102,264	10,529	275	204,051
Additions	21,360	–	168,772	22	190,154
Disposals	(3,154)	–	(2,260)	–	(5,414)
Lease remeasurement	1,465	3,481	–	–	4,946
Foreign currency translation	(44)	–	–	–	(44)
At 30 September 2022	**110,610**	**105,745**	**177,041**	**297**	**393,693**
Accumulated depreciation					
At 1 October 2021	(15,380)	(27,349)	(4,162)	(139)	(47,030)
Depreciation	(7,882)	(14,956)	(19,589)	(50)	(42,477)
Disposals	2,478	–	2,260	–	4,738
Foreign currency translation	51	–	–	–	51
At 30 September 2022	**(20,733)**	**(42,305)**	**(21,491)**	**(189)**	**(84,718)**
Carrying amount at 30 September 2022	**89,877**	**63,440**	**155,550**	**108**	**308,975**

10 Leases (continued)

(a) Reconciliation of carrying amounts (continued)

Lease liabilities	2023 $'000	2022 $'000
At 1 October	**319,290**	163,955
Additions	**34,162**	190,154
Repayments	**(68,561)**	(45,913)
Lease remeasurements	**14,253**	4,947
Interest expense	**9,103**	6,837
Disposals	**(255)**	(676)
Foreign currency translation	**(6)**	(14)
Carrying amount at 30 September	**307,986**	**319,290**
At 30 September		
Current	**63,187**	54,989
Non-current	**244,799**	264,301
Carrying amount at 30 September	**307,986**	**319,290**

The Group leases grain port facilities, land, offices, warehouses, equipment and vehicles. The Group also recognised as a lease a portion of the agreement in relation to Western Australian rail infrastructure.

(b) Other items recognised in profit and loss

In addition to depreciation and interest expense disclosed in paragraph (a) above, the following items have been recognised in the profit and loss in relation to leases.

	2023 $'000	2022 $'000
Expenses relating to short-term leases	**9,104**	6,858
Variable lease payments	**14,868**	11,471
Total	**23,972**	**18,329**

The total cash out flow for leases in 2023 was $92,533,000 (2022: $64,242,000).

Recognition and measurement

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and account these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices. Non-lease components are items that are not related to securing the use of the underlying asset.

(i) Right-of-use assets

The Group recognises right-of-use assets and lease liabilities at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make good obligations and initial direct costs incurred.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated using straight-line method over the shorter of the useful life or the lease term. When the Group is reasonably certain to exercise an extension option on the right-of-use asset, it is depreciated over the extended lease term.

Notes to the consolidated financial statements

10 Leases (continued)

(b) Other items recognised in profit and loss (continued)

Recognition and measurement (continued)

Right-of-use assets expected useful lives for the current period are as follows:

	Range of remaining term
Land and buildings	1 - 80 years
Rail infrastructure	3 years
Motor vehicles	1 - 7 years
Other	1 - 5 years

(ii) Lease liabilities

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Minimum lease payments are fixed payments (less any lease incentive receivable) or index- based variable payments incorporating the Group's expectations of extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. Refer Note 22(c) for maturities of lease liabilities.

(iii) Short-term leases and low-value assets

Short-term leases (12 months or less lease term) and leases of low value assets are recognised as expenses in the consolidated income statement.

Significant accounting judgements, estimates and assumptions

Control

Judgement is required to assess whether the contract is, or contains, a lease. A lease arises when the Group has the right to direct the use of an identifiable asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use. The Group recognises right-of-use assets and liabilities for rail infrastructure when the estimated utilisation is 90% or more share of a route's traffic.

Discount rates

Judgement is required to determine the discount rate when the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to the corporate bond yields with a similar credit rating to the lessee and with similar maturities to the lease term.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the consolidated financial statements

Investments

This section provides information on the subsidiaries, associates and other financial assets of the Group.

11 Investment in controlled entities

Set out below is a list of material subsidiaries of the Group.

Name of controlled entity	Country of incorporation	Equity holding	
		2023 %	2022 %
CBH Grain Pty Ltd	Australia	**100**	100
CBH Group Holdings Pty Ltd (i)	Australia	**100**	100
Australian Bulk Stevedoring Pty Ltd	Australia	**100**	100
Bulkwest Pty Ltd	Australia	**100**	100
Westgrains Insurance Pte Ltd	Singapore	**100**	100
CBH Grain Pty Ltd controlled entities			
CBH Grain Asia Ltd	Hong Kong	**100**	100
CBH Grain Japan Co. Ltd	Japan	**100**	100
CBH Group Holdings Pty Ltd controlled entities			
CBH Pty Ltd (i)	Australia	**100**	100
CBH (WA) Pty Ltd (i)	Australia	**100**	100
Blue Lake Milling Pty Ltd (i)	Australia	**100**	100
Geraldton Motor Inn Pty Ltd	Australia	**100**	-
Bulkwest Pty Ltd controlled entities			
CBH Engineering Pty Ltd	Australia	**100**	100

(i) These entities are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 September 2023. Refer to Note 25.

11 Investment in controlled entities (continued)

Recognition and measurement

Subsidiaries

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements are prepared for the same reporting year as the parent entity using consistent accounting policies.

Business Combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, as a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in a business combination shall be measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognised in profit or loss. Acquisition-related costs are expenses as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

In preparing the consolidated financial statements, all intra-group transactions have been eliminated in full.

Significant accounting judgements, estimates and assumptions

CBH Grain Pools

The Group considers that it does not control CBH Grain Pools. While the Group does manage the CBH Grain Pools' relevant activities, there is not significant exposure to variable returns. The Group acts as an agent and not as a principal in relation to the sale of pool products, and is remunerated on a fixed "fee for service" arrangement.

12 Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. All associates have a 30 September reporting date.

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

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group 2023 %	2022 %	Principal activities
Interflour Group entities ("Interflour Group")				
Pacific Agrifoods Limited	British Virgin Islands	**50.0**	50.0	Holding company
Interflour Group Pte Limited ("IFG") (i)	Singapore	**50.0**	50.0	Flour milling

(i) CBH holds a 50% interest in IFG, the ultimate parent entity of the consolidated Interflour Group of entities. After minority interests are taken into account, CBH effectively holds 46% (2022: 44%) of the consolidated Interflour Group's net assets.

12 Investments in associates (continued)

	2023 $'000	2022 $'000
Carrying amount by entity		
Carrying amount of the Group's interest in Interflour Group	**133,659**	129,964

	2023 $'000	2022 $'000
Share of profit/(loss) from associates by entity		
Interflour Group (see details of material associates below)	**86**	8,629
Total share of profit/(loss) from associate	**86**	8,629

Details of material associates

Interflour Group	2023 $'000	2022 $'000
Movement in carrying amount		
Carrying amount at the beginning of the financial year	**129,964**	120,570
Share of associate profit/(loss) after income tax (i)	**86**	8,629
Share of associates' movement in reserves (ii)	**(3,172)**	(13,283)
Unrealised foreign exchange translation movements (iii)	**(639)**	14,048
Change in associate's effective interest in its subsidiaries (iv)	**7,420**	-
Carrying amount at the end of the financial year	**133,659**	129,964

(i) Share of associates' profits/(losses) after income tax represents the Group's share of profits/losses which is recognised by the Group as an increase/decrease in the carrying amount of the investment in associates.

(ii) Share of associates' movements in reserves include movements in the foreign currency translation, cash flow hedge and defined benefit plan. Foreign currency movements arise from the translation of the financial statements of Interflour Group's subsidiaries into its functional currency USD. The share of associates' movement in reserves will either increase or reduce the carrying amount of the investment in associates.

(iii) Unrealised foreign exchange translation movements arise from the translation of the financial statements of Interflour Group from their USD functional currency into CBH's functional currency, being AUD.

(iv) CBH has recognised its share of IFG's equity reserve movements ($7.4 million) as a direct increase in equity with a corresponding increase in the carrying amount of the investment in IFG as shown above. During the year IFG acquired additional 30% of the shareholding in Prestasi Flour Mill and Sarawak Flour Mill, the subsidiaries of Interflour Holdings (M) SDN BHD ("IFHM") based in Malaysia, giving it 100% ownership. IFG has also sold 20% of its shareholding in Mabuhay Interflour Mill Inc., a flour mill based in the Philippines without a change in control.

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Notes to the consolidated financial statements

12 Investments in associates (continued)

Details of material associates

	Interflour Group	
	2023 $'000	**2022 $'000**
Current assets	**440,176**	570,937
Non-current assets	**361,507**	379,596
Current liabilities	**(294,676)**	(454,969)
Non-current liabilities	**(287,380)**	(273,247)
Net assets	**219,627**	222,317
Net assets (50%)	**109,814**	111,158
Non-controlling interests (50%)	**(9,226)**	(14,380)
Goodwill	**16,810**	16,925
Other intangible assets	**8,677**	8,677
Fair value of shareholder loan	**7,584**	7,584
Carrying amount of the Group's interest in Interflour Group	133,659	129,964
Revenue (100%)	**1,314,193**	1,116,224
Profit/(loss) (100%)	**172**	17,258
Other comprehensive income/(expense) (100%)	**8,495**	(26,566)
Total comprehensive income/(expense) (100%)	**8,667**	(9,308)

Loan to associate

The Group had the following receivable amounts due from the Interflour Group, which excludes any credit loss provision:

	2023 $'000	**2022 $'000**
Unsecured interest-free USD-denominated loan (Note 13)	**44,145**	43,518

The US$30 million loan is subordinated to Interflour Group's secured bank facilities and is repayable on demand after 30 June 2026. Repayment of up to US$ 5.0 million is permissible subject to Interflour Group satisfying certain covenants.

The difference between the carrying value of the loan and the loan's fair value at the date of subordination was recognised as an addition to the carrying value of the Group's investment in Interflour. The fair value of the loan was determined based on a market interest of 2.4%.

When applying the effective interest method, interest revenue is recognised in the profit or loss on a monthly basis.

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Notes to the consolidated financial statements

12 Investments in associates (continued)

Recognition and measurement

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Significant accounting judgements, estimates and assumptions

Impairment policy

As outlined in Note 8, the Group assesses indicators of impairment for all assets on an annual basis. Management have conducted an assessment of impairment indicators in respect of the Interflour Group in 2023.

Recoverable amount of investment in associates

The Group performed an assessment for impairment indicators in relation to its investment in the Interflour Group at year end. In performing this assessment, judgement has been exercised in respect of assessing changes in the market value of the Interflour Group which is performed by analysing market conditions, expected future earnings and earnings multiples. Specifically, the following factors have been considered:

- maintainable EBITDA is estimated based on a probability weighted forecast that reflects future expectations; and
- the multiple applied which is comparable to relevant observable market transactions and listed company valuations.

On the basis of this assessment, the Group is satisfied that no impairment indicators exist at the reporting date. Future changes in the assumptions may impact the assessment of impairment indicators, and could give rise to an impairment in future periods.

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Notes to the consolidated financial statements

Operating assets and liabilities

This section provides information on the working capital of the Group.

13 Trade and other receivables

	2023			2022		
	Current $'000	**Non-current $'000**	**Total $'000**	**Current $'000**	**Non-current $'000**	**Total $'000**
Trade receivables	**248,528**	**-**	**248,528**	362,434	-	362,434
Loans to growers	**106,426**	**-**	**106,426**	215,731	-	215,731
Margin deposits	**62,821**	**-**	**62,821**	103,152	-	103,152
Term deposits	**4,675**	**-**	**4,675**	34,799	-	34,799
Other receivables	**24,306**	**-**	**24,306**	21,160	-	21,160
Loan to associate (Note 12)	**-**	**44,145**	**44,145**	-	43,518	43,518
Provision for credit loss	**(2,594)**	**(2,236)**	**(4,830)**	(1,372)	(2,946)	(4,318)
	444,162	**41,909**	**486,071**	735,904	40,572	776,476

The ageing analysis of trade and other receivables is as follows:

As at 30 September 2023	**Weighted average loss rate %**	**Gross carrying amount $'000**	**Provision for credit loss $'000**
Not past due	0.85	472,829	(4,031)
1 - 30 days overdue	2.28	10,598	(242)
31 - 60 days overdue	1.87	3,168	(59)
61 - 90 days overdue	0.28	1,213	(3)
More than 90 days overdue	15.99	3,093	(495)
		490,901	(4,830)

As at 30 September 2022	**Weighted average loss rate %**	**Gross carrying amount $'000**	**Provision for credit loss $'000**
Not past due	0.56	768,925	(4,259)
1 - 30 days overdue	0.35	7,204	(25)
31 - 60 days overdue	0.28	371	(1)
61 - 90 days overdue	0.30	1,632	(5)
More than 90 days overdue	1.05	2,662	(28)
		780,794	(4,318)

Notes to the consolidated financial statements

13 Trade and other receivables (continued)

Recognition and measurement

(i) Trade receivables

Trade receivables are generally non-interest bearing with 14 to 30 day terms. Trade receivables and other receivables, including amounts owing from related parties are initially recognised at fair value and subsequently measured at amortised cost, less provision for credit loss.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(ii) Loans to growers

Loans receivable from growers are interest bearing and represent funds advanced to growers based on tonnes either:

- committed to CBH in respect of grower finance (Pre-pay Advantage and Grain for Fertiliser) or;
- delivered into CBH Grain Pools.

These receivables are settled by deliveries of grain to the Group and cash received from Pools sales, respectively.

Loans receivable in respect of grower finance amounted to $106,426,000 (2022: $107,770,000). The loan balance related to CBH Grain Pools amounted to a payable of $10,493,000 (2022: receivable of $107,961,000) and has been recorded under sundry payables (Note 15).

During the year, the interest rates charged on grower finance ranged from 4.25% to 7.55% (2022: 3.40% to 6.70%).

(iii) Margin deposits

Margin deposits relate to futures accounts at call and are held in US Dollars, Canadian Dollars, Euro and Australian Dollars. Average interest rates on the futures accounts are: US Dollars: 5.15% (2022: 2.90%), Canadian Dollars: 4.00% (2022: 2.25%), Euro: 3.08% (2022: -0.14%), Australian Dollars: 3.45% (2022: 1.70%).

(iv) Term deposits

Term deposits are presented as current assets when they have a maturity of three months or more from the date of acquisition and are not repayable on demand without a loss of interest. Term deposits were held in Australian Dollars at 3.24% average interest rate (2022: 1.98%), in US Dollars at 5.16% average interest rate (2022: 4.13%), and in Hong Kong Dollars at 0.68% average interest rate (2022: 0.10%).

(v) Provision for credit loss

The provision for credit loss amounted to $4,830,000 (2022: $4,318,000). The general approach has been used to calculate the credit loss on loan to associate and loans to growers in respect of grower finance. The simplified approach has been used for all other receivables.

Significant accounting judgements, estimates and assumptions

The Group makes an estimate of the credit loss in relation to trade and other receivables. Refer to Note 22(b) for details.

Movements in the provision for credit loss were as follows:

	2023 $'000	**2022 $'000**
At 1 October	**4,318**	5,752
Bad debt written off	**(16)**	(868)
Net movement in provision for expected credit loss	**528**	(566)
At 30 September	**4,830**	4,318

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Notes to the consolidated financial statements

14 Inventories

	2023 $'000	2022 $'000
At fair value less cost of disposal:		
Traded grain	**954,284**	807,091
At lower of cost and net realisable value:		
Raw materials and stores	**41,849**	44,278
Finished goods	**17,397**	20,543
	59,246	64,821
Total inventory	**1,013,530**	871,912

Recognition and measurement

(i) Traded grain

Traded grain is measured at fair value less costs of disposal, with changes in fair value recognised in the profit or loss.

(ii) Finished goods and other inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs for completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average method and includes materials costs and direct transport and handling costs incurred in bringing the inventories to their present location and condition.

Significant accounting judgements, estimates and assumptions

Valuation of traded grain

Traded grain is valued using either Level 2 or Level 3 fair value measurements (refer to Note 22(d)).

Level 2 is based on the market comparison technique and uses exchange-quoted grain prices, if available, or independent broker assessments, adjusted for quality and location differentials. Level 3 is based on realised sale prices, adjusted for market view and quality and location differentials.

Traded grain inventory price risk is included in the Group's Value at Risk (VaR) calculations. Refer to Note 22(a) for more information.

The fair value of inventories is summarised below.

	2023 $'000	2022 $'000
Fair Value Measurement	**831,057**	731,781
Level 2	**123,227**	75,310
Level 3	**954,284**	807,091

A change in the Level 3 input price for inventories of plus/minus 10% would have a proportionate impact on the inventory value, and be recognised in profit or loss.

14 Inventories (continued)

The following shows the net changes in fair value of Level 3 inventory:

	2023 $'000	2022 $'000
At 1 October	**75,310**	37,049
Purchases	**189,802**	199,479
Sales	**(158,535)**	(163,716)
Written off	**(195)**	(310)
Unrealised change in fair value	**16,845**	2,808
At 30 September	**123,227**	75,310

15 Trade and other payables

	2023 $'000	2022 $'000
Current		
Trade payables	**101,921**	116,184
Accrued expenses	**76,144**	126,451
Sundry payables	**25,452**	15,103
	203,517	257,738
Non-current		
Other payables	**429**	414

Recognition and measurement

Current trade and other payables are carried at amortised cost representing liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and non-interest bearing and are usually paid within 30 days of recognition.

(i) Trade payables

Trade payables are non-interest bearing and are usually paid within 30 day terms.

(ii) Accrued expenses

Accrued expenses include execution cost accruals relating to the sale of grain; capital accruals and other items.

(iii) Sundry Payables

Sundry payables relate to other payables and include levies, captive insurance payable, customer prepayments and loan balance payable to CBH Grain Pools.

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Notes to the consolidated financial statements

16 Other Liabilities

	2023 $'000	2022 $'000
Current		
Deferred revenue (i)	**101,492**	79,815
Freight fund liability (ii)	**12,200**	-
	113,692	79,815

(i) Deferred revenue includes freight billing for services not yet performed.

(ii) The freight fund does not operate at a profit. The liability reflects the surplus accumulated from freight operations carried forward to be redistributed to growers in the form of cash rebates or reduced freight rates in future years.

17 Provisions

	Employee benefits provision $'000	Site rehabilitation provision $'000	Total $'000
1 October 2022	43,010	44,515	87,525
Arising during the year	20,952	-	20,952
Remeasurement during the year	-	(5,602)	(5,602)
Utilised	(17,715)	-	(17,715)
30 September 2023	**46,247**	**38,913**	**85,160**

	Employee benefits provision $'000	Site rehabilitation provision $'000	Total $'000
30 September 2023			
Current	39,297	2,441	41,738
Non-current	6,950	36,472	43,422
	46,247	**38,913**	**85,160**
30 September 2022			
Current	36,714	807	37,521
Non-current	6,296	43,708	50,004
	43,010	**44,515**	**87,525**

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Notes to the consolidated financial statements

17 Provisions (continued)

Recognition and measurement

Employee benefits

A liability for annual leave, long service leave and sick leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Balances are calculated to present value at an appropriate pre-tax discount rate.

Site rehabilitation provision

The Group recognises a site decommissioning provision relating to obligations to dismantle and remove storage and handling assets and to rehabilitate closed sites which are not part of the network plan. Over time, the provision is increased to record the liability at its present value based on prevailing government bond discount rates. The unwinding of the discount is recognised as an accretion charge in the profit and loss.

The carrying amount of the capitalised decommissioning asset is depreciated over the useful life of the related asset (see Note 8).

The Group's assessment of the present value of the site decommissioning provisions requires the use of significant estimates and judgements, including the future cost of performing the work required, timing of the cash flows, discount rates, final remediation strategy and future land use requirements. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision. In the case of provisions for sites which remain in use, adjustments to the carrying value of the provision are offset by a change in the carrying value of the related asset. Where the provisions are for sites no longer in use, any adjustment is reflected directly in profit or loss.

Significant accounting judgements, estimates and assumptions

The Group measures the value of annual leave, long service leave and sick leave liabilities at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit valuation method. The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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Notes to the consolidated financial statements

Capital and financial risk management

This section provides information on the equity and net debt of the Group. The section also discusses the Group's exposure to various financial risks, how these affect the Group's financial position and how the Group manages these risks.

18 Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and on hand	**81,718**	152,051
Deposits at call	**145,560**	239,333
	227,278	391,384

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at call are held in Australian Dollars at an average interest rate of 4.77% (2022: 3.05%). Included in deposits at call in 2022 was a dividend fund of $169 million, this account was to exclusively fund the Network capital projects. The dividend fund was fully utilised in 2023.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition. Term deposits that have maturity of more than three months from the date of acquisition are presented as trade and other receivables.

(a) Cash flow reconciliation

	2023 $'000	2022 $'000
Reconciliation of net profit after tax to net cash flows from operations:		
Net profit/(loss) after income tax expense	**437,085**	497,729
Adjustments to reconcile profit after tax to net cash flows:		
Depreciation and amortisation	**244,324**	211,509
Net profit on disposal of property, plant and equipment	**(1,016)**	72
Non-cash movement in site rehabilitation provision	**2,044**	5,848
Non-cash movements in capital works in progress	**15,878**	5,984
Share of associates (profit)/loss	**(86)**	(8,629)
Unrealised (gain)/loss on foreign exchange and derivatives	**(27,523)**	83,472
Income tax expense/(benefit)	**79,595**	189,158
Net finance costs	**28,426**	16,873
Impairment loss/(reversal) on trade and other receivables	**528**	(566)
Receipt of asset-related government grants	**(4,014)**	-
Other non-cash items	**(1,773)**	541

Notes to the consolidated financial statements

18 Cash and cash equivalents (continued)

(a) Cash flow reconciliation (continued)

	2023 $'000	2022 $'000
Working capital adjustments:		
(Increase)/decrease in inventories	**(141,347)**	(567,817)
(Increase)/decrease in trade and other receivables	**104,501**	(227,382)
(Increase)/decrease in prepayments	**(4,249)**	(52)
Increase/(decrease) in trade and other payables	**(56,565)**	105,086
Increase/(decrease) in provisions	**2,552**	2,923
Increase/(decrease) in other liabilities	**33,877**	46,909
Other adjustments:		
Interest received	**46,695**	13,828
Interest paid	**(75,214)**	(29,812)
Income tax paid	**(187,224)**	(4,859)
Franking credit refund	**(83,774)**	-
Net cash inflow/(outflow) from operating activities	**412,720**	340,815

Recognition and measurement

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits held at call with financial institutions and any outstanding bank overdrafts.

19 Interest bearing loans and borrowings

	2023 $'000	2022 $'000
Secured bank loans (current) (i)	**521,338**	719,274
Secured bank loans (non-current)	**-**	40,000
	521,338	759,274

(i) Included in Secured bank loans (current) is an inventory funding balance of $nil (2022: $38,654,000). The inventory funding is a financing arrangement utilising grain inventory and to be repaid at agreed future prices and dates. The loan is based on a monthly maturity price and date.

Notes to the consolidated financial statements

19 Interest bearing loans and borrowings (continued)

(a) Reconciliation of interest bearing loans and borrowings

This section reconciles changes in liabilities arising from financing activities.

	Bank loans $'000
As at 1 October 2022	**759,274**
Proceeds from borrowings	2,185,737
Repayments	(2,424,378)
Net cash flow on borrowings	(238,641)
Other non-cash movements	705
As at 30 September 2023	**521,338**

Recognition and measurement

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised.

(b) Fair value

Unless otherwise disclosed, the carrying amounts of the Group's borrowings approximate fair value.

(c) Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in Note 22.

(d) Terms and conditions

The bank loans are predominantly denominated in Australian Dollars.

Bank loans are subject to annual review.

Negative pledge and loan covenants - CBH Grain Pty Ltd

The bank loans of CBH Grain Pty Ltd include a negative pledge that require (subject to certain exceptions) CBH Grain Pty Ltd to not provide any other security over its assets, and covenants to ensure that the following financial ratios and conditions are met throughout the term of the loan facilities:

(i) The financial indebtedness of CBH Grain Pty Ltd should not exceed the aggregate of:
  - 100% of cash on hand;
  - 90% of grain sold that is either on hand or in the course of delivery;
  - 80% of the value of prepayment advances made to growers for the purchase of grain;
  - 100% of the mark to market value of grain net open derivative position;
  - 80% of the market value of grain that is not sold; and
  - 80% of the total value of debtors on terms of 90 days or less.

(ii) The net realised and unrealised grain trading positions should not exceed losses of $50,000,000; and

(iii) Paid up equity plus parent guarantee is at least $200,000,000 or its equivalent at all times.

Negative pledge and loan covenants - CBH Ltd

The bank loans of CBH Ltd include a negative pledge that require (subject to certain exceptions) CBH Ltd to not provide any other security over its assets and the following covenant:

(i) Total assets less total intangible assets and total liabilities are not less than $1,000,000,000; and

(ii) Financial indebtedness limit of $500,000,000.

(e) Financing facilities

The Group has the following facilities in place at year end. All facilities are expressed in Australian dollars unless otherwise disclosed.

Notes to the consolidated financial statements

19 Interest bearing loans and borrowings (continued)

(e) Financing facilities (continued)

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Grain Pty Ltd Facility	100,000	-	13/10/2023
CBH Grain Pty Ltd Facility	100,000	-	13/10/2023
CBH Grain Pty Ltd Facility	100,000	-	13/10/2023
CBH Grain Pty Ltd Facility	200,000	-	13/10/2023
CBH Grain Pty Ltd Facility	200,000	160,000	13/10/2023
CBH Grain Pty Ltd Facility	100,000	80,000	13/10/2023
CBH Grain Pty Ltd Facility	50,000	-	13/10/2023
CBH Grain Pty Ltd Facility	200,000	200,000	13/10/2023
CBH Grain Pty Ltd Facility	100,000	80,000	27/10/2023
Total	**1,150,000**	**520,000**	

The facilities are a combination of bilateral term loans and trade facilities with total facility limits of $1,150,000,000. As at 30 September 2023, $520,000,000 of the bilateral term loans was drawn down.

Under the financing facilities, the lenders hold fixed and floating securities over the assets of CBH Grain Pty Ltd and its subsidiaries. The interest rate is calculated with reference to the Australian dollar bank bill rate, plus a margin at normal commercial terms. The effective interest rate for the year was 4.27% (2022: 1.18%).

The Directors have approved these facilities, which will be renewed as required. Refer to subsequent events Note 31 for details.

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Ltd Facility	70,000	-	23/06/2024
CBH Ltd Facility	60,000	-	23/06/2024
CBH Ltd Facility	70,000	-	23/06/2024
Total	**200,000**	**-**	

The facilities are bilateral term loans with total facility limits of $200,000,000. As at 30 September 2023, the facilities were undrawn.

Under the financing facilities, the lenders hold fixed and floating securities over the Co-operative's assets. The interest rate is calculated with reference to the Australian dollar bank bill rate, plus a margin at normal commercial terms. The effective interest rate for the year was 4.26% (2022: 1.18%).

(f) Defaults and breaches

During the current year, there were no defaults or breaches on any of the loans.

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Notes to the consolidated financial statements

20 Contributed equity and reserves

(a) Share capital

(i) Ordinary Shares

	2023 $	**2022 $**
Shares Issued	**3,716**	3,860
	3,716	3,860

Ordinary shares have a par value of $2.00 each. CBH does not have authorised capital. The right to vote attaches to membership and not shareholding.

In the event of winding up, the Bulk Handling Act 1967 provides that any surplus shall be distributed in a manner directed by the Treasurer of the State of Western Australia.

In relation to the distribution of surplus profits, except for the payment of $2.00 on the cancellation of a paid share, the Bulk Handling Act 1967 and the Co-operative's Rules prohibit the distribution of any surplus or profits to shareholders.

Issued and paid up capital is recognised at the fair value of the consideration received.

(ii) Movements in ordinary share capital

	Paid shares number	**Unpaid shares number**	**Total number**	**Issue price $**	**Share capital $**
At 1 October 2021	2,029	1,574	3,603	2.00	4,058
Shares issued (i)	–	85	85	–	–
Shares cancelled (ii)	(99)	(67)	(166)	–	(198)
At 1 October 2022	**1,930**	**1,592**	**3,522**	**2.00**	**3,860**
Shares issued (i)	–	137	137	–	–
Shares cancelled (ii)	(72)	(65)	(137)	–	(144)
At 30 September 2023	**1,858**	**1,664**	**3,522**	**2.00**	**3,716**

(i) During the current year 137 ordinary shares (2022: 85) were issued and remained unpaid as at 30 September 2023. The parent entity retains the right to call on all outstanding ordinary shares at any time in the future. The total number of unpaid ordinary shares is 1,664 (2022: 1,592).

(ii) During the year 137 ordinary shares (72 paid and 65 unpaid) were cancelled through failure to meet the Active Membership Requirements under Rule 4 of the Co-operative's Rules (2022: 166 ordinary shares, 99 paid and 67 unpaid) and no shares were cancelled due to member resignation (2022: none).

(b) Capital management

The Group's policy is to ensure that CBH is adequately capitalised at all times in order to protect its assets and to create and return value for West Australian growers. Capital consists of total equity and long term debt relating to financing activities. Due to the structure of the business, dividends are not paid to shareholders with sources of capital being through debt finance and retained earnings.

The Board is responsible for monitoring and approving the capital management framework within which management operates. Capital is regularly monitored using various benchmarks, with the main internal measures being return on capital employed and gearing (equity to assets ratio).

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Notes to the consolidated financial statements

20 Contributed equity and reserves (continued)

(b) Capital management (continued)

	2023 $'000	2022 $'000
Profit/(loss) after tax (A)	**437,085**	497,729
Opening capital	**2,388,722**	1,892,522
Closing capital	**2,837,748**	2,388,722
Average capital (B)	**2,613,235**	2,140,622
Return on average equity (A/B)	**16.7%**	23.3%
Total equity (C)	**2,837,748**	2,388,722
Total assets (D)	**4,248,270**	4,378,551
Equity to assets ratio (C/D)	**66.8%**	54.6%

(c) Reserves

	2023 $'000	2022 $'000
Capital levy reserve	**52,587**	52,587
General reserve	**2,101,848**	1,847,597
Foreign currency translation reserve	**(34,750)**	(32,228)
Acquisition reserve	**(1,175)**	(1,175)
Cash flow hedge reserve	**9,299**	690
	2,127,809	1,867,471

Under the Bulk Handling Act 1967 CBH is permitted to build up reserves and does not make distributions of these reserves to shareholders.

Nature and purpose of other reserves

Capital Levy Reserve

The Capital Levy Reserve was created upon CBH being converted to a tax exempt entity as a result of changes to the Bulk Handling Act in 1971. This exemption removed from CBH the right to pay dividends to shareholders with the funds that would have been paid being transferred to this reserve.

General Reserve

The General Reserve is used to hold the transfer of profits or losses relating to CBH from retained earnings as required by the *Bulk Handling Act 1967.*

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve is used to record unrealised exchange differences arising from the translation of the financial statements of subsidiaries and associates.

Acquisition Reserve

This reserve records the difference between the consideration paid and the carrying value of the non-controlling interests acquired.

Cash Flow Hedge Reserve

This reserve records the portion of the gain or loss on a cash flow hedging instrument that is determined to be an effective hedge.

21 Financial instruments

The financial assets and liabilities are presented by class in the tables below at their carrying values. Where financial assets and liabilities are held at amortised cost, these generally approximate fair value. Refer to Note 22(d) for more information on the Group's fair value policies and methods.

21 Financial instruments (continued)

At 30 September 2023	**Amortised Cost $'000**	**FVTPL [(i)] $'000**	**Total $'000**
Assets			
Cash and cash equivalents	227,278	–	227,278
Trade and other receivables	466,382	–	466,382
Derivative financial instruments	–	146,792	146,792
Total current and non-current financial assets	**693,660**	**146,792**	**840,452**
Liabilities			
Trade and other payables	203,946	–	203,946
Interest bearing loans and borrowings	521,338	–	521,338
Derivative financial instruments	–	100,969	100,969
Lease liabilities	307,986	–	307,986
Total current and non-current financial liabilities	**1,033,270**	**100,969**	**1,134,239**

At 30 September 2022	**Amortised Cost $'000**	**FVTPL [(i)] $'000**	**Total $'000**
Assets			
Cash and cash equivalents	391,384	–	391,384
Trade and other receivables	757,868	–	757,868
Derivative financial instruments	–	303,069	303,069
Total current and non-current financial assets	**1,149,252**	**303,069**	**1,452,321**
Liabilities			
Trade and other payables	257,269	–	257,269
Interest bearing loans and borrowings	759,274	–	759,274
Derivative financial instruments	–	301,421	301,421
Lease liabilities	319,290	–	319,290
Total current and non-current financial liabilities	**1,335,833**	**301,421**	**1,637,254**

(i) Fair value through profit or loss.

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Notes to the consolidated financial statements

21 Financial instruments (continued)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. No financial assets have been reclassified subsequent to their initial recognition.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - business model assessment

The Group makes assessments of the objectives of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and the information provided to management. These assessments consider:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - for example whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Financial assets that are either held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

Financial assets - assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (for example non-recourse features).

Financial assets - subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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Notes to the consolidated financial statements

21 Financial instruments (continued)

Derecognition

The Group derecognises financial assets and liabilities when the contractual rights to the cash flows from the financial instrument are discharged, cancelled or expire.

Offsetting financial instruments

The Group presents its assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as International Swaps and Derivatives Associations ("ISDA") master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination is assessed and only a single net amount is payable in settlement of all transactions.

22 Financial risk management

Overview

The Group is exposed to a variety of financial risks arising from normal business activity, including market risks (relating to foreign currency rates, commodity prices and interest rates), credit risk and liquidity risk.

Risk management framework

The CBH Group's Board of Directors ("the Board") has overall responsibility for the establishment and oversight of its risk management framework. The Group has established several risk management committees to develop and monitor its risk management policies. These include the Audit and Risk Management Committee ("ARMC"), Executive Risk Committee and the Business Unit Risk Management Committees, as outlined below:

These committees report regularly to the Board on their activities, via the ARMC.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed and, if required, updated regularly to reflect changes in market conditions and the Group's activities.

The ARMC also oversees management monitoring compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARMC is assisted in its oversight role by internal audit and third party specialists. Both regular and ad hoc reviews of risk management controls and procedures are undertaken, the results of which are reported to the ARMC.

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Notes to the consolidated financial statements

22 Financial risk management (continued)

(a) Market risk

Market risk arises from the uncertainty of market price movements and the resulting impact on business performance. The Group's business performance is exposed to movements in interest rates, foreign currency exchange rates and commodity prices. Accordingly, the Group has developed policies to manage the volatility of these inherent business exposures. Under these policies, the Group routinely uses derivative financial instruments to manage related risk exposures, most commonly foreign currency forward exchange contracts and options, forward rate agreements and commodity futures and options.

The Group uses Value at Risk ("VaR") techniques to measure and limit market risk. VaR is a risk measurement technique that estimates the maximum potential loss resulting from predicted price movements over a specified holding period and within a stipulated level of confidence.

The VaR methodology is a statistically defined, probability based approach that considers market volatilities and risk diversification, by taking into account offsetting positions and correlations between commodities and markets. As a result of this approach, risks can be measured consistently across markets and commodities and risk measures can be aggregated into a single risk value. The Group's VaR approach is based on Monte Carlo simulations over a five day holding period with a 99% confidence level using two years of weighted price data history.

VaR calculations should be considered in the context of their limitations. These include the use of historical data to estimate future events and the non-recognition of market illiquidity risks and tail risks. Recognising these limitations, the Group's VaR measures are supplemented by stress testing of both flat and basis price exposures and daily monitoring of positions against Board-mandated limits.

(i) Commodity price risk

Commodity price risk refers primarily to the Group's exposure to fluctuations in prices of grain commodities.

The Group's trading function trades grain-related financial and commodity instruments and physical grain. Grain commodity futures and options are used to manage price risk within Board-approved limits. The aggregate limit for all grains can only be modified by the Board. The trading function operates within a dynamic limit framework which adjusts quantitative flat price and basis spread limits over time by comparing the current level of flat prices and basis spreads to their historical ranges and averages. Under this framework, limits are lower when flat prices and basis spreads are high, and limits are higher when flat prices and basis spreads are low.

VaR at 30 September (pre-tax), was as follows:

	2023 $'000	**2022 $'000**
Undiversified VaR (i)	**(35,530)**	(62,680)
Diversified VaR (ii)	**(22,340)**	(40,580)

(i) Undiversified VaR is the result of simple addition of the calculated VaR figures for each individual commodity.

(ii) Diversified VaR further recognises the benefit of offsetting positions and correlations between different commodities and markets and therefore reflects a lower potential loss amount than undiversified VaR.

(ii) Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which operating and financing transactions are denominated and the respective functional currencies of Group companies. Foreign currency exposures originate in the normal course of business with the buying or selling of grain, or execution of derivatives on international commodity exchanges in currencies other than the Group's functional currency. Group policy requires that foreign currency risks are minimised to remain within Board-mandated limits. The Group manages its exposure to foreign currency risk through the use of forward exchange contracts and options.

Net foreign exchange exposure, which includes cash balances and loans and borrowings, is used in the calculation of the combined commodity price risk and foreign currency risk. Consequently, the VaR of commodity price risk in the table of Note 22(a)(i) includes all associated foreign currency risks.

As a result of investment in operations in Asia, the Group's statement of financial position can be affected by movements in the USD/AUD exchange rates as the investment in Asia has a functional currency of USD. The Group does not hedge this exposure. Refer to Note 12 - Investments in associates.

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Notes to the consolidated financial statements

22 Financial risk management (continued)

(a) Market risk (continued)

The group had the following financial instruments denominated in foreign currencies (at year end spot rates):

30 September 2023	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	EUR in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	15,629	7,569	4,276	4,536	535	32,545
Trade and other receivables	225,724	18,054	30,646	1,785	16	276,225
Derivative financial assets	100,095	20,346	11,072	2,498	–	134,011
	341,448	**45,969**	**45,994**	**8,819**	**551**	**442,781**
Financial liabilities						
Derivative financial liabilities	46,581	8,330	3,623	2,293	–	60,827
Trade and other payables	18,933	15	269	727	381	20,325
Lease liabilities	–	–	–	84	95	179
	65,514	**8,345**	**3,892**	**3,104**	**476**	**81,331**
Net exposure	**275,934**	**37,624**	**42,102**	**5,715**	**75**	**361,450**

30 September 2022	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	EUR in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	62,714	4,764	13,138	9,630	476	90,722
Trade and other receivables	334,458	25,722	18,963	25,788	15	404,946
Derivative financial assets	143,648	7,513	49,492	10,275	–	210,928
	540,820	**37,999**	**81,593**	**45,693**	**491**	**706,596**
Financial liabilities						
Derivative financial liabilities	228,914	12,743	11,838	2,659	–	256,154
Trade and other payables	59,636	18	734	2,564	151	63,103
Lease liabilities	–	–	–	161	170	331
	288,550	**12,761**	**12,572**	**5,384**	**321**	**319,588**
Net exposure	**252,270**	**25,238**	**69,021**	**40,309**	**170**	**387,008**

* Other includes exposure to CHF, CNY, GBP, HKD, NZD and in 2023, SGD.

Spot rates on 30 September 2023:
USD 0.6435, CAD 0.8737, EUR 0.6086, JPY 96.1538, CHF 0.5890, CNY 4.6962, GBP 0.5275, HKD 5.0391, NZD 1.0729, SGD 0.8792

Spot rates on 30 September 2022:
USD 0.6400, CAD 0.8851, EUR 0.6530, JPY 92.6784, CHF 0.6318, CNY 4.5546, GBP 0.5730, HKD 5.0244, NZD 1.1431

Notes to the consolidated financial statements

22 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Group sources external funds to support its grain accumulation and trading operations and is exposed to interest rate fluctuations predominantly from liabilities bearing variable interest rates.

The Group held the following financial assets and liabilities exposed to variable interest rate risk:

	2023 $'000	2022 $'000
Financial assets		
Cash and cash equivalents	**227,278**	391,384
Term deposits	**4,675**	34,799
Loans to growers	**106,426**	215,731
Margin deposits	**62,821**	103,152
Other loans	**300**	-
	401,500	745,066
Financial liabilities		
Interest bearing loans and borrowings	**(521,338)**	(759,274)
Loans from growers	**(10,493)**	-
	(531,831)	(759,274)
Net exposure	**(130,331)**	(14,208)

The Group's policy is to manage exposure to adverse movements in interest rates through one of the following:

- variation of the physical terms; or
- structure of the various portfolios; or
- use of derivative financial instruments.

Given the above financial assets and liabilities are exposed to variable interest rate risk, an increase of 100 basis points in underlying interest rates would reduce profit before tax for the year by $1,303,000 (2022: reduce $142,000). A decrease of 100 basis points in underlying interest rates would increase profit before tax for the year by $1,303,000 (2022: increase $142,000). This analysis assumes all other variables remain constant.

Lease liabilities (see Note 10) are fixed-rate instruments. The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(b) Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform or fail to pay amounts due, causing financial loss to the Group. It can arise:

- principally, from credit exposures to customers relating to open contracts and outstanding receivables; or
- from cash and cash equivalents, derivative financial instruments and deposits held with financial institutions.

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Notes to the consolidated financial statements

22 Financial risk management (continued)

(b) Credit risk (continued)

The Group has a Board-approved credit policy designed to ensure that consistent processes are present throughout the Group to measure and control credit risk. Under the policy, customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The Group also monitors and reports sovereign risk associated with its customers, counterparties and financial institutions. Risk limits are set for individual customers in accordance with parameters set out in the credit policy. Actual counterparty credit exposures are routinely monitored against risk limits with any breaches requiring approval from the appropriate level of management. Counterparty risk limits are reviewed regularly and updated when appropriate.

The Group may require collateral to be provided by counterparties. The forms of collateral typically accepted include cash downpayment, letter of credit, bank guarantee and retention of title to goods, or any combination thereof.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and the geographical location in which the customers operate.

The carrying amount of financial assets represents the maximum credit exposure.

The credit risk analyses in this section excludes GST receivable of $19,689,000 (2022: $18,608,000) which is part of other receivables (Note 13).

Below is an analysis of credit risk exposure net of credit loss provisions by counterparty type.

	2023 $'000	**2022 $'000**
Grain Storage, Handling and Freight: Growers	**16,223**	4,857
Grain Storage, Handing and Freight: Non-growers	**35,099**	61,079
Marketing and Trading: Growers	**105,771**	215,231
Marketing and Trading: Non-growers	**238,120**	402,590
Grain Processing: Non-growers	**21,294**	23,915
Associate company - Interflour Group Pte Limited	**41,909**	40,364
Other: Growers	**5,697**	9,570
Other: Non-growers	**2,269**	262
	466,382	757,868

Credit loss assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including, but not limited to, external ratings, audited financial statements, management accounts and available press information about customers) and applying experienced credit judgements. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures with similar credit risk are grouped and assigned a credit loss based on the groups' credit risk rating. The assignment of credit loss is based on a ratings agency's annual study which compares credit ratings to default rates. One-year default rates are used for current receivables and two-year to five-year default rates are used for non-current receivables.

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Notes to the consolidated financial statements

22 Financial risk management (continued)

(b) Credit risk (continued)

The following table shows the exposures to credit risk and credit loss by credit rating.

30 September 2023	Weighted average loss rate %	Gross carrying amount $'000	Credit loss $'000	Net carrying amount $'000
Assigned credit rating				
A+	0.02	62,821	(16)	62,805
A	0.01	9,103	(1)	9,102
A-	0.02	5,368	(1)	5,367
BBB+	0.01	51,817	(5)	51,812
BBB	0.04	10,864	(4)	10,860
B	1.36	329,267	(4,486)	324,781
CCC/C	16.07	1,972	(317)	1,655
Total	**1.02**	**471,212**	**(4,830)**	**466,382**

30 September 2022	Weighted Average Loss Rate %	Gross Carrying Amount $'000	Credit loss $'000	Net Carrying Amount $'000
Assigned credit rating				
AA-	-	206	-	206
A	-	92,127	(1)	92,126
A-	0.01	148,056	(22)	148,034
BBB+	0.02	2,806	(1)	2,805
BBB	0.05	5,572	(3)	5,569
B	0.83	513,398	(4,270)	509,128
CCC/C	100.00	21	(21)	-
Total	**0.57**	**762,186**	**(4,318)**	**757,868**

22 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to ensure that adequate liquid assets and funding sources are available at all times to meet both the short and long term commitments of the Group. The Group's liquidity is managed centrally with subsidiaries forecasting their cash requirements to the central treasury function. Unless restricted by local regulations or bank covenants, subsidiaries pool their cash surpluses to central treasury, which arranges to fund other subsidiaries, invest net surpluses in the market, or arrange external borrowings, as appropriate.

Maturities of financial liabilities

The table below reflects the contractual maturities of the Group's financial liabilities. For derivative financial instruments that are settled on a net basis, the market value of the net position is presented, whereas for other obligations the undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on prevailing conditions at year end.

Contractual maturities of financial liabilities

At 30 September 2023	**Carrying amount $'000**	**Total contractual cash flows $'000**	**Less than 6 months $'000**	**6 - 12 months $'000**	**1 - 5 years $'000**	**Over 5 years $'000**
Financial liabilities						
Interest bearing loans and borrowings	521,338	522,031	522,031	-	-	-
Trade and other payables	203,946	204,143	203,714	-	429	-
Lease liabilities	307,986	365,571	35,821	35,238	202,677	91,835
Total non-derivatives	**1,033,270**	**1,091,745**	**761,566**	**35,238**	**203,106**	**91,835**
Derivative financial liabilities						
(inflow)	(1,879,229)	(1,879,229)	(1,583,298)	(105,049)	(190,882)	-
outflow	1,980,198	1,980,198	1,673,644	114,062	192,492	-
Net derivative financial liabilities	**100,969**	**100,969**	**90,346**	**9,013**	**1,610**	**-**
	1,134,239	**1,192,714**	**851,912**	**44,251**	**204,716**	**91,835**

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Notes to the consolidated financial statements

22 Financial risk management (continued)

(c) Liquidity risk (continued)

At 30 September 2022	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000
Financial liabilities						
Interest bearing loans and borrowings	759,274	762,532	721,009	619	40,904	-
Trade and other payables	257,269	257,269	256,855	-	414	-
Lease liabilities	319,290	381,095	34,365	31,005	191,882	123,843
Total non-derivatives	**1,335,833**	**1,400,896**	**1,012,229**	**31,624**	**233,200**	**123,843**
Derivative financial liabilities						
(inflow)	(1,231,228)	(1,231,228)	(1,212,295)	(8,240)	(10,693)	-
outflow	1,532,649	1,532,649	1,507,540	10,236	14,873	-
Net derivative financial liabilities	**301,421**	**301,421**	**295,245**	**1,996**	**4,180**	**-**
	1,637,254	**1,702,317**	**1,307,474**	**33,620**	**237,380**	**123,843**

(d) Fair value measurements

The Group uses various methods in estimating the fair value of a financial instrument and non-financial assets (traded grain inventories) carried at fair value. These methods are:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value methods, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include forward sale and purchase contracts and foreign exchange contracts not traded on a recognised exchange.

Derivative financial instruments

The Group primarily uses the following derivatives financial instruments to manage market risk in its grain trading activities:

- Forward foreign currency exchange contracts, swaps and options;
- Commodity futures, swaps and options; and
- Forward commodity sale and purchase contracts.

These contracts are held in the currencies in which the Group has exposure (refer to Note 22(a)(ii)) and range in maturity from one to thirty-two months. Movements in the fair value of these derivatives are recognised in the profit or loss. The net fair value at 30 September 2023 was an unrealised asset of $45,823,000 (2022: $1,648,000 unrealised asset). The assessed value of these financial instruments at any given point in time will, in times of volatile market conditions, show substantial variation over the short term.

Derivative financial instruments price risk is included in the Group's VaR calculations. Refer Note 22(a) for more information.

Recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value at the date of entry into the contract and then subsequently measured at fair value through profit or loss.

Significant accounting estimates and assumptions

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and forward purchases and sales) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. The fair value at reporting date is subject to change post reporting date and the increase/decrease can be significant when there is increased market volatility. Physical positions comprising some inventories, forward sales and forward purchases cannot be directly referenced to appropriate exchange quoted prices. Therefore, other techniques such as obtaining assessments from independent commodity brokers, are used to determine fair value.

22 Financial risk management (continued)

(d) Fair value measurements (continued)

The valuation techniques adopted for traded grain inventories are further discussed in Note 14.

The fair value of forward foreign exchange contracts and swaps is determined using forward foreign exchange market rates at the reporting date for contracts with similar maturity profiles. The fair value assessments include consideration of inputs such as liquidity risk, credit risk and market volatility. Any change in the assumptions for these factors may affect the reported fair value of financial instruments.

The fair value of derivative financial instruments is summarised in the table below.

30 September 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Current Assets				
Forward foreign currency exchange contracts, swaps and options	–	23,943	–	23,943
Commodity futures and options	23,895	–	–	23,895
Forward commodity sale and purchase contracts	–	89,031	2,689	91,720
	23,895	**112,974**	**2,689**	**139,558**
Non-current Assets				
Forward foreign currency exchange contracts, swaps and options	–	5,821	–	5,821
Commodity futures and options	493	–	–	493
Forward commodity sale and purchase contracts	–	920	–	920
	493	**6,741**	**–**	**7,234**
Current Liabilities				
Forward foreign currency exchange contracts, swaps and options	–	52,226	–	52,226
Commodity futures and options	381	–	–	381
Forward commodity sale and purchase contracts	–	39,613	7,139	46,752
	381	91,839	7,139	99,359
Non-current Liabilities				
Forward foreign currency exchange contracts, swaps and options	–	190	–	190
Commodity futures and options	772	–	–	772
Forward commodity sale and purchase contracts	–	–	648	648
	772	190	648	1,610

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Notes to the consolidated financial statements

22 Financial risk management (continued)

(d) Fair value measurements (continued)

30 September 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Current Assets				
Forward foreign currency exchange contracts, swaps and options	–	43,707	–	43,707
Commodity futures and options	47,273	–	–	47,273
Forward commodity sale and purchase contracts	–	193,068	7,187	200,255
	47,273	236,775	7,187	291,235
Non-current Assets				
Forward foreign currency exchange contracts, swaps and options	–	126	–	126
Commodity futures and options	8,052	–	–	8,052
Forward commodity sale and purchase contracts	–	3,656	–	3,656
	8,052	3,782	–	11,834
Current Liabilities				
Forward foreign currency exchange contracts, swaps and options	–	199,346	–	199,346
Commodity futures and options	26,355	–	–	26,355
Forward commodity sale and purchase contracts	–	68,095	3,445	71,540
	26,355	267,441	3,445	297,241
Non-current Liabilities				
Forward foreign currency exchange contracts, swaps and options	–	3,478	–	3,478
Commodity futures and options	17	–	–	17
Forward commodity sale and purchase contracts	–	685	–	685
	17	4,163	–	4,180

The following table shows the net changes in fair value of Level 3 forward commodity sale and purchase contract assets and liabilities:

	Total $'000
1 October 2022	3,742
Net movement taken to profit or loss	(8,840)
30 September 2023	**(5,098)**

A change in the Level 3 input price for inventories and forward sale and purchase contracts of 10% would have a corresponding proportionate impact on both inventory and the net financial asset or liability carrying values, and be recognised in profit or loss. There were no transfers between Level 1, 2 and 3 during the year.

23 Contingent assets and liabilities

Co-operative Bulk Handling Limited (parent entity) has provided guarantees relating to loan facilities with certain controlled entities (Note 24) and has no contingent assets.

Notes to the consolidated financial statements

Other information

This section contains information that is not directly related to specific line items in the financial statements.

24 Parent entity disclosures

(a) Statement of profit or loss and other comprehensive income - Parent

	2023 $'000	**2022 $'000**
Revenue	**1,259,414**	934,809
Other income (i)	**96,182**	173,628
Employee benefits expense	**(253,411)**	(214,882)
Depreciation and amortisation	**(238,444)**	(205,267)
Storage, handling and freight expenses	**(503,745)**	(402,748)
Insurance	**(17,843)**	(12,928)
Other expenses	**(76,258)**	(48,174)
Interest expense	**(11,644)**	(8,282)
Profit/(loss) before and after income tax	**254,251**	216,156
Other comprehensive income		
Items that may be reclassified subsequently to the profit and loss		
Net gain on cashflow hedge reserve (ii)	**8,795**	-
Other comprehensive income for the year, net of tax	**8,795**	-
Total comprehensive income/(expense) for the year	**263,046**	216,156

(i) Included in the Parent entity other income is $83.0 million in franking credit refunds (2022: $nil) in relation to fully franked dividends from subsidiaries. Franking credits are recognised on the date on which right to receive payment is established.

Also included in the other income is a fully franked dividend of $1.5 million (2022: $169 million) received from CBH's subsidiaries. There is also a foreign dividend of $2.0 million (2022: $nil) received from CBH's subsidiaries.

(ii) During the year, CBH entered into USD/AUD forward exchange contracts relating to the acquisition of new locomotives and wagons. The cashflow hedge reserve recognises the cumulative gains or losses recognised at the reporting date. The cumulative gains or losses will be reclassed from other comprehensive income to the hedged item, upon completion.

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Notes to the consolidated financial statements

24 Parent entity disclosures (continued)

(b) Statement of financial position - Parent

	2023 $'000	2022 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**172,907**	270,668
Trade and other receivables	**56,758**	61,538
Derivative financial instruments	**4,546**	-
Inventories	**33,970**	28,040
Loans to controlled entities	**61,842**	94,311
Prepayments	**8,446**	5,187
Total current assets	**338,469**	459,744
Non-current assets		
Trade and other receivables	**41,909**	40,572
Derivative financial instruments	**5,804**	-
Investments in associates	**136,935**	136,935
Other financial assets	**139,496**	139,496
Property, plant and equipment	**1,835,967**	1,505,576
Intangible assets and goodwill	**31,076**	27,444
Right-of-use assets	**290,540**	305,099
Total non-current assets	**2,481,727**	2,155,122
Total assets	**2,820,196**	2,614,866
LIABILITIES		
Current liabilities		
Trade and other payables	**141,391**	179,042
Lease liabilities	**61,269**	53,428
Loans from controlled entities	**15,730**	13,732
Provisions	**37,952**	33,552
Other liabilities	**112,070**	79,470
Total current liabilities	**368,412**	359,224
Non-current liabilities		
Provisions	**43,362**	49,942
Interest bearing loans and borrowings	**-**	40,000
Lease liabilities	**241,612**	261,936
Total non-current liabilities	**284,974**	351,878
Total liabilities	**653,386**	711,102
Net assets	**2,166,810**	1,903,764
Equity		
Contributed equity	**4**	4
Reserves	**2,166,806**	1,903,760
Total equity	**2,166,810**	1,903,764

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Notes to the consolidated financial statements

24 Parent entity disclosures (continued)

(c) Statement of cash flows - Parent

	2023 $'000	2022 $'000
Cash flows from operating activities		
Receipts from customers	**1,374,421**	1,051,478
Payments to suppliers and employees	**(989,330)**	(695,115)
	385,091	356,363
Interest received	**13,100**	1,454
Interest and other costs of finance paid	**(10,297)**	(7,734)
Net operating cash flows	**387,894**	350,083
Cash flows from investing activities		
Payments for property, plant and equipment	**(532,536)**	(328,512)
Receipt of asset-related government grants	**4,014**	-
Proceeds from sale of property, plant and equipment	**1,017**	256
Payments for intangible assets	**(11,793)**	(8,191)
Term deposits (net)	**30,111**	(10,139)
Loans (to)/ from related parties	**33,535**	(31,552)
Distributions from subsidiaries and associates	**3,500**	169,750
Franking credit refund	**83,774**	-
Net investing cash flows	**(388,378)**	(208,388)
Cash flows from financing activities		
Proceeds from borrowings	**-**	40,000
Repayment of borrowings	**(40,000)**	-
Repayment of lease liabilities	**(57,277)**	(36,341)
Net cash flows from financing activities	**(97,277)**	3,659
Net (decrease)/increase in cash and cash equivalents held	**(97,761)**	145,354
Cash and cash equivalents at the beginning of the financial year	**270,668**	125,314
Cash and cash equivalents at the end of the financial year	**172,907**	270,668

(d) Financial guarantees - Parent

The parent has entered into a Deed of Cross Guarantee ("the Deed") with the effect that it guarantees debts in respect of certain subsidiaries. Further details of the Deed and the subsidiaries subject to the Deed are disclosed in Note 25. The parent has issued guarantees in relation to loan facilities of its controlled entities.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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Notes to the consolidated financial statements

24 Parent entity disclosures (continued)

(e) Event subsequent to balance date

CBH Grain Pty Ltd a subsidiary of Co-operative Bulk Handling Ltd (the parent), declared a fully franked dividend of $170,000,000 on 4 October 2023. The dividend was subsequently paid, and the parent has lodged a claim with the Australian Tax Office for a refund of $73,000,000 in franking credits.

(f) Capital commitments

Commitments for the acquisition of property, plant and equipment contracted as at the reporting date but not recognised as liabilities payable:

	2023 $'000	**2022 $'000**
Within one year	**131,576**	33,685
Later than one year but not later than five years	**203,364**	-
	334,940	33,685

25 Deed of cross guarantee

Co-operative Bulk Handling Limited, Blue Lake Milling Pty Ltd, CBH Pty Ltd, CBH Group Holdings Pty Ltd and CBH (WA) Pty Ltd are parties to the Deed under which each entity guarantees the debts of the others. By entering into the Deed, the wholly-owned entities (Blue Lake Milling Pty Ltd, CBH Pty Ltd, CBH Group Holdings Pty Ltd and CBH (WA) Pty Ltd) have been relieved by the Australian Securities and Investments Commission ("ASIC") from requirements for preparation, audit and lodgement of financial reports and directors' reports under ASIC Instrument 16-0845 as varied by ASIC Instrument 19-0960 ("ASIC Order").

Consolidated statements

The above entities represent a 'closed group' for the purposes of the ASIC Order, and as there are no other parties to the Deed that are controlled by CBH, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 September 2023 of the closed group.

Notes to the consolidated financial statements

25 Deed of cross guarantee (continued)

Consolidated statements (continued)

	2023 $'000	2022 $'000
Consolidated statement of profit or loss and other comprehensive income		
Revenue	**1,560,632**	1,260,126
Other income [(i)]	**87,506**	183,901
Raw materials and consumables used	**(228,561)**	(270,551)
Employee benefits expense	**(271,105)**	(231,266)
Depreciation and amortisation expense	**(244,383)**	(211,493)
Storage, handling and freight expenses	**(527,455)**	(434,219)
Marketing and trading expenses	**(3,838)**	(6,080)
Insurance	**(17,964)**	(13,021)
Other expenses	**(79,413)**	(50,433)
Interest expense	**(11,829)**	(8,376)
Profit/(loss) before income tax	**263,590**	218,588
Income tax expense	**(2,827)**	(753)
Profit/(loss) for the year	**260,763**	217,835
Other comprehensive income		
Items that may be reclassified subsequently to the profit or loss		
Net gain on cash flow hedge	**8,795**	-
Total comprehensive income/(expense) for the year	**269,558**	217,835
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**14,486**	12,806
Profit/(loss) for the period	**260,763**	217,835
Transfer to reserves	**(254,250)**	(216,155)
Retained earnings at the end of the financial year	**20,999**	14,486

(i) Included in the Parent entity other income is $83.0 million in franking credit refunds (2022: $nil) in relation to fully franked dividends from subsidiaries. Franking credits are recognised on the date on which right to receive payment is established.

Also included in the other income is a fully franked dividend of $1.5 million (2022: $169 million) received from CBH's subsidiaries. There is also a foreign dividend of $2.0 million (2022: $nil) received from CBH's subsidiaries.

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Notes to the consolidated financial statements

25 Deed of cross guarantee (continued)

Consolidated statements (continued)

Set out below is a consolidated statement of financial position as at 30 September 2023 of the closed group.

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	**175,742**	274,108
Income tax receivable	**-**	750
Trade receivables	**101,447**	114,984
Inventories	**59,246**	64,821
Derivative financial instruments	**4,546**	-
Prepayments	**9,214**	5,553
Total current assets	**350,195**	460,216
Non-current assets		
Trade and other receivables	**41,909**	40,572
Investments in associates	**136,935**	136,935
Investment in controlled entities	**100,772**	100,772
Property, plant and equipment	**1,873,129**	1,539,921
Right-of-use assets	**295,282**	308,628
Derivative financial instruments	**5,804**	-
Intangible assets and goodwill	**50,742**	51,310
Total non-current assets	**2,504,573**	2,178,138
Total assets	**2,854,768**	2,638,354
Current liabilities		
Trade and other payables	**274,303**	275,395
Interest bearing loans and borrowings	**-**	40,000
Lease liabilities	**62,975**	54,717
Income tax payable	**1,631**	-
Provisions	**39,832**	35,431
Total current liabilities	**378,741**	405,543
Non-current liabilities		
Provisions	**43,362**	49,941
Deferred tax liabilities	**105**	402
Lease liabilities	**244,750**	264,218
Total non-current liabilities	**288,217**	314,561
Total liabilities	**666,958**	720,104
Net assets	**2,187,810**	1,918,250
Equity		
Contributed equity	**4**	4
Reserves	**2,166,805**	1,903,762
Retained earnings	**21,001**	14,484
Total equity	**2,187,810**	1,918,250

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Notes to the consolidated financial statements

26 Key management personnel compensation

	2023 $	2022 $
Short-term benefits (i)	**8,314,324**	8,429,545
Post-employment benefits (ii)	**406,473**	334,912
Long-term benefits (iii)	**517,590**	699,886
Termination benefits (iv)	**131,552**	176,623
	9,369,939	9,640,966

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel include directors and members of the Executive Committee, including those in an acting capacity.

(i) Short-term benefits include director fees, wages, salaries, annual leave provided and non-monetary benefits for current employees.

(ii) Post-employment benefits include superannuation benefits paid for directors and current employees.

(iii) Long-term benefits include long term incentives and retention payments, long service leave and sick leave provided for current employees.

(iv) Termination benefits include contractual entitlements on termination.

27 Related party transactions

(a) Parent and ultimate controlling party

The ultimate parent entity in the wholly owned group is Co-operative Bulk Handling Ltd ("CBH").

(b) Transactions with key management personnel

(i) Directors fees

Directors fees paid or payable by CBH are disclosed in Note 26. In addition, the following directors of the parent entity received payments for their roles as directors of Interflour Group Pte Ltd ("IFG"), an associated company, for the year.

	2023 $	2022 $
Mr A J Mulgrew (resigned 17 February 2023)	**9,132**	24,310
Mr D A Lock	**23,980**	24,310
Mr G R Rowe (appointed 17 February 2023)	**14,782**	-

Total aggregate number of CBH shares held by directors and director-related entities is 10 (2022: 10).

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Notes to the consolidated financial statements

27 Related party transactions (continued)

(ii) Related party transactions with directors on normal commercial terms

Certain directors had dealings, either in their own name or through director-related entities, with CBH and its controlled entities under commercial terms no more favourable than those available to other grain growers and shareholders.

	2023 $	**2022 $**
N A M Browning, M L Caughey, J D O'Neil, G R Rowe, J N Seaby, K M Seymour, S R Stead, R P Taylor, B D West and H Woodhams transacted with the Group during the financial year as follows:		
Grain sales to the Group	**17,384,902**	21,577,000
Freight and receival fees charged by the Group	**3,264,787**	2,805,456
Fertiliser purchases from the Group	**3,768,651**	3,762,217

(iii) Unsecured balances outstanding from/(to) Directors

	2023 $	**2022 $**
Loans to Growers (Refer to Note 13)	**415,444**	–

(c) Other related party transactions

(i) Transactions with associates in the ordinary course of business on normal commercial terms

	2023 $	**2022 $**
Sales of grain to IFG and its controlled entities	**228,430,806**	181,214,453
(Payments for)/Receipts from IFG and its controlled entities for grain shipping related charges	**(236,318)**	136,402

(ii) Receivables from IFG and its controlled entities

	2023 $	**2022 $**
Unsecured trade receivable amount under normal commercial terms	**–**	215,897
Unsecured interest-free USD-denominated loan (Refer to Note 12)	**44,145,119**	43,518,091

A credit loss provision has been recognised in the statement of profit or loss and other comprehensive income in respect of amounts owing from related parties. Settlement occurs in cash.

28 Auditor's remuneration

The auditor of the Group is KPMG. During the year fees were paid or payable for services provided by the Group's auditors and related overseas offices.

	2023 $	2022 $
Audit and review services		
Auditors of the Group - KPMG		
KPMG Australia - Group	**310,093**	272,783
KPMG Australia - controlled entities	**259,456**	229,106
Other KPMG firms - controlled entities	**79,657**	62,579
	649,206	564,468
Assurance services Auditors of the Group - KPMG		
Regulatory assurance services	**11,874**	10,254
Other assurance services	**39,188**	-
	51,062	10,254
Other services Auditors of the Group - KPMG		
Non-audit services	**-**	3,700
	-	3,700

29 Changes in accounting policies

(a) New and amended accounting standards and interpretations adopted from 1 October 2022

In the current year, the Group has applied amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2022. *AASB 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Costs of Fulfilling a Contract)* and a number of other new standards that are effective from 1 January 2022 but they do not have a material effect on the Group's financial statements.

Notes to the consolidated financial statements

29 Changes in accounting policies (continued)

(b) New and amended accounting standards and interpretations issued but not yet effective

The following new and amended accounting standards and interpretations issued but not yet effective are relevant to current operations. They are available for early adoption but have not been applied by the Group in this financial report.

Reference	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
The effects of these standards and interpretations are not expected to be material:		
AASB 2021-2 Amendments to Australian Accounting Standards - Definition of Accounting Estimates	**1 January 2023**	**30 September 2024**
The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.		
AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies	**1 January 2023**	**30 September 2024**
The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirements for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adds guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.		
AASB 17 Insurance Contracts	**1 January 2023**	**30 September 2024**
AASB 17 supersedes AASB 4 Insurance Contracts. The classification of insurance contracts is similar to AASB 4 however unbundling rule changes may mean some contract components now need to be measured under AASB 17.		
AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information	**1 January 2023**	**30 September 2024**
The amendments add a new transition option to AASB 17 to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of AASB 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with AASB 9 Financial Instruments.		
AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction	**1 January 2023**	**30 September 2024**
The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations.		
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current	**1 January 2024**	**30 September 2025**
This amendment to AASB101 Presentation of Financial Statements clarifies the requirements for classifying liabilities as current or non-current.		
AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants	**1 January 2024**	**30 September 2025**
This amendments require the disclosure of information that enables users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.		
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	**1 January 2025**	**30 September 2026**
The amendments require a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) and partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.		

30 SEPTEMBER 2023

Notes to the consolidated financial statements

30 Commitments

(a) Non-cancellable operating lease receivables

The Group has sub-leased some of its property to an external party.

Future minimum rentals receivable under non-cancellable operating leases as at the financial year end are as follows:

	2023 $'000	2022 $'000
Within one year	**3,147**	2,793
Later than one year but not later than five years	**1,962**	1,583
	5,109	4,376

(b) Capital commitments

Commitments for the acquisition of property, plant and equipment and also intangible assets contracted as at the reporting date but not recognised as liabilities payable:

	2023 $'000	2022 $'000
Within one year	**131,668**	33,697
Later than one year but not later than five years	**203,364**	-
	335,032	33,697

Included in the above is the acquisition of additional locomotives and wagons to support CBH's "Path to 2033" strategy, which aims to lift our monthly export capacity to 3 million tonnes by 2033 or sooner.

31 Events subsequent to balance date

Subsequent to 30 September 2023, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2023/2024 season:

- Syndicated debt of $850,000,000;
- Banking facilities of $1,150,000,000; and
- Trade facilities of $500,000,000.

The facilities have been executed and are on similar terms and conditions to prior seasons, refer to Note 20(d). The lenders are expected to undertake annual review which include (but not limited to) an assessment of:

- The financial performance of the Group, ensuring that the financial ratios and conditions are met throughout the term of the loan facilities
- Compliance over negative pledge and loan covenants

On the 4th of October 2023, CBH Grain Pty Ltd declared a fully franked dividend of $170,000,000 payable to its parent, Co-operative Bulk Handling Ltd, for the purposes of network investment. The dividend was subsequently paid, and the parent has lodged a claim with the Australian Tax Office for a refund of $73,000,000 in franking credits, which will be directed towards network investment.

Other than the matters disclosed above, there are no other subsequent events which require disclosure.

30 SEPTEMBER 2023

Directors' declaration

1. In the Directors' opinion:

(a) the consolidated consolidated financial statements and notes that are set out on pages 9 to 75 are in accordance with the ***Co-operatives Act 2009 and the Australian Charities and Not for profits Commission Act 2012, including***:

(i) giving a true and fair view of the Group's financial position as at 30 September 2023 and of its performance for the year ended on that date, and

(ii) complying with Australian Accounting Standards; and

(b) there are reasonable grounds to believe that Co-operative Bulk Handling Ltd will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Co-operative and the group entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Co-operative and those group entities pursuant to ASIC Instrument 16-0845 as varied by ASIC Instrument 19-0960.

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

Simon Stead

S R Stead
Director

Independent Auditor's Report

To the shareholders of CBH Grain Pty Ltd

Opinions

We have audited the consolidated ***Financial Report*** of CBH Grain Pty Ltd and its controlled entities (the Group Financial Report). We have also audited the Financial Report of CBH Grain Pty Ltd (the Company Financial Report).

In our opinion, the accompanying Group Financial Report and the Company Financial Report of CBH Grain Pty Ltd are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group's*** and of the ***Company's*** financial position as at 30 September 2023 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective ***Financial Reports*** of the ***Group*** and the ***Company*** comprise:

- Statements of financial position as at 30 September 2023;
- Statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of CBH Grain Pty Ltd (the ***Company***) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for Opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

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

Other Information

Other Information is financial and non-financial information in CBH Grain Pty Ltd's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Group Financial Report and the Company Financial Report

The Directors are responsible for:

- Preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- Implementing necessary internal control to enable the preparation of Financial Reports that give a true and fair view and are free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- To obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth
6 December 2023

Appendix – Sustainability

Sustainability metrics

PILLAR	METRIC	UNIT OF MEASUREMENT	FY21	FY22	FY23
Markets	Sales of sustainably certified grain (of total)	Percentage of total	15%	18%	25%
	Grower Load Sample collection rate for Chemical Residue Traceability	Percentage of total loads	30%	42%	46%
	Certifications (ISO9001, 14001, HACCP, ISCC EU/PLUS, FEMAS, NATA and Halal)	Compliance	100%	100%	100%
Communities	Community Investment Fund	$	$1.6m	$1.6m	$1.6m
	Number of local vendors	Percentage of total	28%	31%	31%
People	All Injury Frequency Rate (AIFR)*	#	7.3	5.8	6.0
	Gender Diversity	%	24%	27%	28%
Governance	Board to monitor sustainability through revised Health, Safety and Sustainability Committee			Commenced	
Environmental	Scope 1 & 2 emissions intensity	Kg CO2-e / tonne received	3.7kg	3.1kg	2.7kg
	50% reduction of Scope 1 & 2 emissions by 2030 based on 2021 baseline year*	CO2e (scope 1 & 2)	55,372t	66,163t	62,040t
	Site to Customer Emissions Intensity	Kg CO2-e / tonne	63.2kg	64.3kg	61.7kg
	Net-zero emissions of Scope 1, 2 and select scope 3 (trucks, rail and shipping) by 2050*	CO2e (scope 1 & 2)	566,113t	617,832t	655,302t

* These metrics have had limited assurance provided by KPMG

CBH disclosed carbon emissions relate to the period 1 July 2022 to 30 June 2023 to align to The National Greenhouse and Energy Reporting Act 2007.

Climate Risks and Opportunities

RISK	DESCRIPTION	IMPACT TO THE BUSINESS	RISK MITIGATION AND OPPORTUNITIES
Market Access (transition)	Market access restrictions driven by climate related tariff and non-tariff measures	Marketing & Trading is unable to find alternative export markets for WA growers	- Monitor Maximum Residue Limits (MRL) and understand impacts to supply chain - Engage key customers and government counterparts on trade - Maintain strong and effective food safety protocols in CBH - New and existing market development and diversification
Regulatory and Certifications (transition)	Changes to the Australian regulatory environment or certifications held by CBH (either on farm or across the supply chain)	- The potential to increase costs or reduce production (i.e. carbon tax levied across supply chain) - Impacts on market access	- Maintain ongoing dialogue with regulators - Maintain stakeholder relationships - Ongoing engagement with growers and industry on impact of regulations - Develop public and media advocacy
Climate change (physical)	Climate change driving changing temperature and rainfall patterns across the WA wheatbelt	- WA production volatility to be impacted by climate change	- Continue to conduct scenario modelling and review outcomes - Change in the WA crop volume captured within the CBH network planning process
Alternative land uses (transition)	Continued focus on carbon emissions and push to 'carbon neutrality' is raising interest in carbon offsetting via reforestation of crop land	- The rise of the Australian Carbon Credit market may prove a risk to WA grain production.	- Monitor regional areas for significant switch - Review economics of Australian Carbon Credit Unit ("ACCU") farming to understand areas most at risk
Access to funding and insurance (transition)	CBH access to funding and insurance is restricted	- Increased cost or limited access to funding - Increased insurance premiums	- Ongoing dialogue with banks - Robust insurance procurement practices

OPPORTUNITY	DESCRIPTION	IMPACT TO THE BUSINESS	OPPORTUNITY CAPTURE
Developing new products and services	To meet the rising interest and demand for low carbon or carbon neutral grain, new products and ways of measuring and providing assurance to customers may be required	Increased customer alignment of supply chain decarbonisation objectives, resulting in increase in customer value proposition and loyalty	- Continue to monitor the product requirement with customers meet market need and ensure access - Work with stakeholders to gain alignment on measurement methodology
Access to new markets	A strong climate/ carbon reduction focus will provide opportunities for WA grain to access markets, or maintain access to existing markets, where there is a regulatory or commercial requirement for sustainable/ low carbon or carbon neutral grain	Preferential market access and/or premium pricing ensuring long-term value for WA grain growers	- Ensuring the supply chain emissions are measurable and mitigated to the extent commercially viable - Engagement with customers and governments to understand potential future market access requirements - Working with growers and supply chain partners to meet those requirements
Renewable energy (biogas and solar)	CBH has an opportunity to develop behind the meter energy production by utilising waste streams such as dust and No Commercial Value (NCV) grain as feedstock into bioenergy facilities	- Lower carbon emissions - Energy price certainty - Building resilience along our supply chain and reducing waste	- Continue to investigate the delivery model in collaboration and partnership with energy providers

Taskforce for Climate-related Financial Disclosure

GOVERNANCE	**SECTION REFERENCE**
Describe the board's oversight of climate-related risks and opportunities	Corporate Governance
Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability

STRATEGY	**SECTION REFERENCE**
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Sustainability Appendix
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	Sustainability Appendix
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2c or lower scenario	Sustainability

RISK MANAGEMENT	**SECTION REFERENCE**
Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability
Describe the organisation's processes for managing climate-related risks.	Sustainability
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Sustainability

METRICS AND TARGETS	**SECTION REFERENCE**
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Metrics Appendix
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Sustainability
Describe the targets used by organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability

Global Reporting Initiative Index

SECTION REFERENCE	DISCLOSURE	DESCRIPTION
Organisational profile		
About Us	Disclosure 102-1	Name of the organisation
About Us	Disclosure 102-2	Activities, brands, products, and services
About Us	Disclosure 102-3	Location of headquarters
About Us	Disclosure 102-4	Location of operations
Supply Chain	Disclosure 102-6	Markets served
About Us	Disclosure 102-7	Scale of the organisation
Our People	Disclosure 102-8	Information on employees and other workers
About Us	Disclosure 102-9	Supply chain
Strategy, Ethics and Integrity		
CEO Report	Disclosure 102-14	Statement from senior decision-maker
About Us	Disclosure 102-16	Values, principal, standards and norms of behaviour
Governance		
Corporate Governance	Disclosure 102-18	Governance structure
Corporate Governance	Disclosure 102-19	Delegating authority
Corporate Governance	Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics
Corporate Governance	Disclosure 102-23	Chair of the highest governance body
Reporting practice		
Sustainable Future	Disclosure 102-44	Key topics and concerns raised
Sustainable Future	Disclosure 102-46	Defining report content and topic Boundaries
Sustainable Future	Disclosure 102-47	List of material topics
Sustainable Future	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards
Sustainability Appendix	Disclosure 102-55	GRI content index

Global Reporting Initiative Index *cont.*

SECTION REFERENCE	DISCLOSURE	DESCRIPTION
Environment		
GRI 305: Emissions 2016		
Sustainable Future	Disclosure 103-1	Explanation of the material topic and its Boundary
Sustainable Future	Disclosure 103-2	The management approach and its components
Sustainable Future	Disclosure 305-1	Direct (Scope 1) GHG emissions
Sustainable Future	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions
Sustainable Future	Disclosure 305-3	Other indirect (Scope 3) GHG emissions
Sustainable Future	Disclosure 305-4	GHG emissions intensity
Climate change and adaption response		
Sustainable Future	Disclosure 103-1	Explanation of the material topic and its Boundary
Sustainable Future	Disclosure 103-2	The management approach and its components
Sustainable Future	Disclosure 103-3	Evaluation of the management approach
Safety, People & Community		
Workforce Health and Safety		
Our People	Disclosure 103-1	Explanation of the material topic and its Boundary
Our People	Disclosure 103-2	The management approach and its components
Our People	Disclosure 103-3	Evaluation of the management approach
Our People	Disclosure 403-2	Hazard identification, risk assessment, and incident investigation
Our People	Disclosure 403-9	Work-related injuries
People, Diversity and inclusion and employee engagement		
Our People	Disclosure 103-1	Explanation of the material topic and its Boundary
Our People	Disclosure 103-2	The management approach and its components

SECTION REFERENCE	DISCLOSURE	DESCRIPTION
Our People	Disclosure 103-3	Evaluation of the management approach
Corporate Governance	Disclosure 405-1	Diversity of governance bodies and employees
Local Communities		
Sustainable Future	Disclosure 103-1	Explanation of the material topic and its Boundary
Sustainable Future	Disclosure 103-2	The management approach and its components
Sustainable Future	Disclosure 103-3	Evaluation of the management approach

CO-OPERATIVE BULK HANDLING AND ITS CONTROLLED ENTITIES

Five year financial and operational history

		2023	2022	2021	2020	2019
Tonnes received	mt	22.9	21.3	15.1	9.8	16.4
All injury frequency rate (AIFR)		6.0	5.8	7.3	7.2	9.4
Fertiliser tonnes outturned	t	232,000	204,000	184,000	124,500	103,000
Revenue from continuing operations	$m	6,014	6,219	3,993	3,236	4,190
Pools revenue	$m	1,630	1,150	240	196	235
Other gains and losses		173	(239)	13	(5)	(75)
Total revenue including other income	**$m**	**7,817**	**7,130**	**4,246**	**3,427**	**4,350**
Net profit contribution from:						
Grain storage and handling	$m	156	58	44	-11	100
Freight Fund	$m	13	-13	0	0	0
Marketing and Trading	$m	176	438	77	12	(119)
Grain Processing	$m	4	12	14	8	(15)
Corporate and other	$m	88	3	(0)	2	4
Profit attributable to members of Co-operative Bulk Handling Limited	**$m**	**437**	**498**	**134**	**11**	**(30)**
Capital expenditure	$m	551	342	218	201	260
Total assets	$m	4,248	4,379	2,971	2,441	2,594
Total liabilities	$m	(1,411)	(1,990)	(1,078)	(684)	(836)
Equity	**$m**	**2,838**	**2,389**	**1,893**	**1,757**	**1,758**
(Net debt)/net cash	$m	(294)	(368)	(240)	(9)	(306)