



The Hawke's Bay Farmers' Co-operative Association Limited

ANNUAL REPORT TO STAFF 1980

SALES

TRADING SALES

Retail	16,291,136
Produce	10,273,444
Grain & Seed	1,657,280
Meat	12,811,587
Marketing & Export	1,442,212

\$42,475,659

COMMISSION AND OTHER SALES

Land	15,614,370
Livestock	45,584,773
Wool	33,272,635
Insurance — General (Premiums)	71,577
— Life (Sum Assured)	1,680,239
Travel	1,750,623

\$97,974,217

COST OF SALES

The cost of goods purchased for sale in our Retail and Produce stores and the cost of livestock purchased for export and for our Meat Marketing operation.

\$36,018,393

EARNINGS

TRADING SURPLUS 6,457,266

OTHER INCOME 654,780

\$7,112,046

COMMISSIONS earned, and WOOL warehousing and selling income

\$3,530,307

INTEREST from money lent to Clients

RENT from properties

DIVIDENDS and INTEREST from investments, and

SUNDRY ADMINISTRATION INCOME

\$1,510,117

\$140,449,876

\$12,152,470

OPERATING EXPENSES

The costs of operating our Company and providing our Customer Services. These include payments for communications, motor vehicle expenses, sales promotion, stationery etc. and property costs such as rents, rates, maintenance, and depreciation for wear and tear. (Internal charges for buildings, motor vehicles and plant have been excluded).

\$3,193,972

\$3,193,972

OPERATING SURPLUS

Wages
Salaries
Retirement Leave
Pension Subsidy
Staff Discount
Accident Compensation Levy
Medicare Subsidy
\$4,938,721

STAFF

INTEREST paid on funds used in our operations including clients credit accounts, bank and other borrowings.

\$1,183,583

BORROWED CAPITAL

TAXATION The Government's charge on the Company's profit to provide for education, health, welfare etc.

\$840,844

GOVERNMENT

THIS IS THE AMOUNT RETAINED TO ensure our Company remains in business, help finance the increasing costs of maintaining our trading stocks and debtors, provide for the future purchase and replacement of land, buildings and plant, and the expansion of our Company's activities

\$1,079,068

RETENTIONS

DIVIDENDS paid for capital invested by our shareholders and
REBATES paid to our trading shareholders

\$916,282

RETURNED TO SHAREHOLDERS

\$8,958,498

BALANCE SHEET

WHAT WE OWN

FIXED ASSETS	INVESTMENTS	CURRENT ASSETS
LAND 2,228,852	GOVERNMENT & LOCAL BODY STOCK 98,766	STOCKS Retail, Produce, Meat, Manufacturing, General Export & Livestock 8,806,826
BUILDINGS 3,223,495	DEBENTURES 284,255	DEBTORS Money owed to us for goods and services supplied, for advances to farmers, and as agents e.g. for livestock sold 18,366,739
MOTOR VEHICLES 468,950	INTEREST IN ASSOCIATE COMPANIES 2,105,558	CASH IN BANK AND ON HAND 236,626
PLANT 642,196	These are companies in which we have substantial shareholdings and in whose commercial and financial policies we participate e.g. Baillie Farmers Motors Ltd.	
	OTHER COMPANIES 353,199	
\$6,563,493	\$2,841,778	\$27,410,191

\$36,815,462

WHAT WE OWE

LONG TERM LIABILITIES	CURRENT LIABILITIES
MONEY BORROWED on a long term basis by way of:	MONEY WE OWE OUR BANKERS 8,181,478
Fixed Deposits 246,190	MONEY WE OWE SUPPLIERS for unpaid goods and expenses 6,855,393
Debentures 334,500	MONEY WE OWE OUR CLIENTS for accounts in credit and loans to be repaid in June 1981 5,452,927
Mortgages 62,000	PROVISIONS for taxation, dividends and rebate payments to be made in the next financial year 782,785
\$642,690	\$21,272,583

SHAREHOLDERS FUNDS

CAPITAL & RESERVES
CAPITAL contributed by our 13,935 Shareholders 4,006,151
CAPITAL RESERVES gains made from the sale of land, buildings and other assets, revaluation of land and buildings, and purchase of Subsidiary Companies 3,334,827
REVENUE RESERVES Accumulated surpluses retained in the business and revaluation of buildings 7,559,211
\$14,900,189



FACTS IN BRIEF

	1980	1979	1978	1977	1976
Retail Store Sales	16,291,136	12,219,809	11,105,157	10,675,424	9,481,760
Land Sales	15,614,370	9,371,765	6,205,275	8,607,818	5,559,000
Produce Sales	10,273,444	7,917,404	7,047,074	6,505,125	4,794,986
Grain & Seed Sales	1,657,280	1,719,968	1,734,659	1,466,282	1,129,937
Export Meat Sales	12,811,587	13,062,408	11,108,616	12,009,267	8,784,128
Travel Sales	1,750,623	1,468,485	1,138,982	1,204,327	—
Wool Sold (Bales)	79,481	66,655	64,342	67,895	62,312
Sheep Handled	1,244,525	1,188,591	1,087,438	1,151,171	1,150,302
Cattle Handled	82,780	92,149	104,984	115,732	112,618
Advances to Clients	9,652,284	6,409,518	4,044,329	3,074,897	2,743,707
Number of Shareholders	13,935	13,858	13,963	13,959	13,564
Rebates to Shareholders	325,000	365,000	186,000	333,000	370,000
Dividends paid or Recommended	591,282	434,086	240,645	200,537	160,430
Number of Employees	515	442	437	451	451
Total Salaries and Wages Paid	4,489,396	3,413,750	3,041,255	2,851,621	2,545,729
Staff Discount	206,549	156,399	139,347	128,934	120,823
Pension Subsidies	208,666	167,836	156,961	117,323	112,001



MANAGING DIRECTOR'S REVIEW

The year 1979/80 just completed was one of consolidation and steady progress providing our Company with another record profit. Our first five-year corporate plan has recently been reviewed by senior executives evaluating the actual results obtained with those originally planned. There were few activities that did not develop their potential.

Our profit result has been well received by the financial experts with some now recommending our shares as being under-valued. The mercantile reconstruction and strong drive has really produced results, such as 80,000 bales of wool and 16 million dollars of land sales. This confirms that specific planning of human and financial resources are so important. We now have a mercantile team that must be the most efficient and effective in the business. We have improved our share of the market in wool, livestock and farm produce sales.

The retail division with 268 staff, by far our biggest group, produced record sales and excellent gross profits. The merger of Common Shelton's softgoods operation with Adairs can only be described as outstanding, and the profit from Adairs has made the investment by our Company well worthwhile. Similarly, Westermans has been another success story and they have received many new customers who were H.B.F. customers. There have been some major changes in retail management over the past year and it is important that all staff should remember that they belong to the H.B.F. group and each division is very dependent on the others.

We have now completed a full year in our new meat manufacturing operation at Taupo, Elm Products. This operation with its twelve staff now have their first-class product available throughout the North Island.

The Export Division has had a very busy year with sales of various products going all around the world. Our most recent development is in forestry and we have contracted to deliver four shipments of logs and sawn timber to the Farmers Cooperative of Japan.

The Administration Division has once again provided the necessary back-up for all operating divisions, including our new ventures. During the year there have been major developments in further computerising certain specific operations. The results of this work will be showing up in the very near future.

Corporate planning for the next ten years is well advanced and staff generally must appreciate there are going to be some changes that may not appear reasonable to them, but are considered necessary for the continued growth and prosperity of our Company. Full cooperation from all staff is required at all times to ensure our Company continues on its current successful path.

Managing Director.