

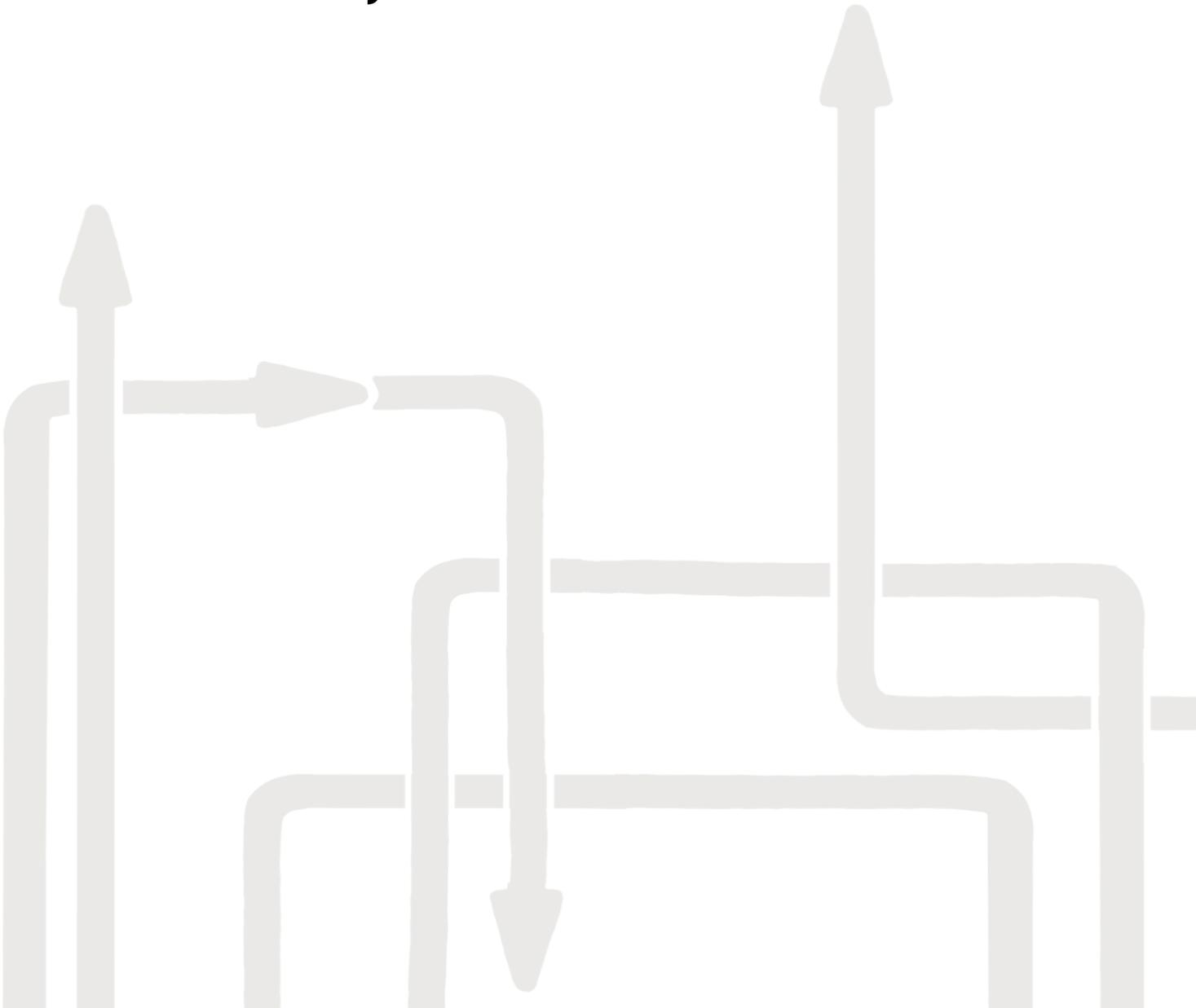


# **Foodbank NSW & ACT Limited**

*(formerly known as Foodbank NSW Limited)*

ABN 22 056 422 407

## **Financial Report** for the year ended 30 June 2014



**Foodbank NSW & ACT Limited** ABN 22 056 422 407  
**Financial report - 30 June 2014**

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## Directors' report

Your directors present the annual financial report of Foodbank NSW & ACT Limited ("Foodbank NSW & ACT") (formerly known as Foodbank NSW Limited) for the year ended 30 June 2014.

### Directors

The following persons were Directors of Foodbank NSW & ACT Limited during the financial year up to and including 16 October 2014:

<b>Name</b>	<b>Date Appointed</b>
Ernest Pope (Chairman)	9 February 2006
Chris Bertinshaw <sup>1</sup>	7 August 2008
John Eales	26 February 2014
Peter Heywood <sup>2</sup>	25 August 2005
Julie Hunter <sup>3</sup>	9 March 2011
John Hudson	13 August 2014
Peter Kelly	13 October 2011
Peter Lucas	5 July 2003
Brendan O'Reilly <sup>4</sup>	16 February 2012
Joan O'Shea	8 August 2007
Steve Schofield	9 March 2011
Clive Stiff	22 April 2010
Don Telford	1 September 2002

<sup>1</sup> Chris Bertinshaw was a director from the beginning of the financial year until his resignation on 30 June 2014.

<sup>2</sup> Peter Heywood was a director from the beginning of the financial year until his resignation on 14 November 2013.

<sup>3</sup> Julie Hunter was a director from the beginning of the financial year until her resignation on 16 April 2014.

<sup>4</sup> Brendan O'Reilly was a director from the beginning of the financial year until his resignation on 15 March 2014.

### Principal activities

During the year the principal ongoing activities of Foodbank NSW & ACT consisted of:

- (a) source and accept food and related products from manufacturers, farmers/primary producers, retailers and distributors and encourage partnerships with these suppliers, and
- (b) distribute food and grocery items to people in need, via a broad range of charitable and service organisations without regard to denomination.

### Long term objectives

Foodbank NSW & ACT is concerned that nationally over 2 million Australians go hungry every year with approximately one third of these people living in NSW. To meet this demand Foodbank NSW & ACT has set itself a future throughput target of 17,000,000 kilos of food to be distributed to charities throughout the State. To achieve this target Foodbank NSW & ACT will draw on the Collaborative Supply Program and National Signatory Donation Program, managed by our sister organisation Foodbank Australia, as well as State based programs undertaken by Foodbank NSW & ACT.

State based programs will continue to leverage off the 'Waste Not Want Not' program in the Riverina that has dramatically increased available fresh fruit and vegetables and has been in operation for three years.

### Short term objectives

For the next financial year, Foodbank NSW & ACT will continue to focus on increasing the awareness by our Welfare Agencies of the range of ways we can help them to meet their increasing demand for food and other products. Together we aim to reach more hungry people in NSW and the ACT. To achieve this, Foodbank NSW & ACT will build a new Distribution Centre that will accommodate the increase in growth and agency demand for food.

### **Key strategies and activities for achieving objectives**

To meet the short term objective and put us on a footing to achieve our long term objective Foodbank NSW & ACT will:

- (a) seek to understand the sources of demand
- (b) then, seek to capture that demand
- (c) by sourcing suitable supplies, and
- (d) ensuring appropriate resourcing, and
- (e) continue to seek infrastructure and operational funding as required.

### **Measurement of performance**

To achieve the objectives and strategies above, Foodbank NSW & ACT will measure the effectiveness of the allocation of limited resources by:

- (a) setting appropriate financial disciplines with measurable financial budget targets
- (b) formulating specific strategy plans with frequent plan progress updates and outcome monitoring
- (c) ensuring each staff member knows what is expected of their role with bi-annual performance updates and reviews
- (d) regularly comparing actual with targeted budget performance via monthly management reports.

### **Dividends**

Foodbank NSW & ACT is prohibited by clause 2.2 of its Constitution from distributing any of its income or property to its members by way of dividends or otherwise. Consequently no dividend was paid for the years ended 30 June 2014 and 2013.

### **Review of operations**

The net surplus of Foodbank NSW & ACT for the year ended 30 June 2014 was \$4,443,872 (2013: \$712,051).

The underlying operating surplus after excluding non-operating items for the year ended 30 June 2014 was \$208,635 (2013: \$194,573).

Non-operating items include all donations net of direct fundraising expenses \$1,436,983 (2013: \$379,669), all grants excluding the NSW Government transport subsidy \$2,615,000 (2013: \$10,000), interest received \$156,162 (2013: \$120,762) and other sundry income \$27,092 (2013: \$7,047).

### **Significant changes in the state of affairs**

During the financial year, there was no significant change in the state of affairs of Foodbank NSW & ACT other than that referred to in the financial statements or notes thereto.

### **Matters subsequent to the end of the financial year**

On 30 July 2014, Foodbank NSW held an Extraordinary General Meeting and resolved to change its company name from Foodbank NSW Limited to Foodbank NSW & ACT Limited. This was to recognise the supply of food and other products to ACT welfare agencies since 2003. The new name was certified by the Australian Securities and Investments Commission on 18 August 2014.

On 22 August 2014, Foodbank NSW & ACT exercised its existing call option to purchase the property *Lot 2 & 2 Owen Street, Glendenning* for the exercise price of \$4,675,000 (inclusive of GST). The property was subsequently settled on 3 October 2014.

In addition, Foodbank NSW & ACT has commenced the design and construction program for its new Distribution Centre. It is anticipated the new Distribution Centre will be completed by mid-2015. Foodbank NSW & ACT's existing Wetherill Park Distribution Centre is currently held for sale and is expected to be sold early 2015.

Except as mentioned above, no other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

### **Likely developments and expected results of operations**

In the next financial year, Foodbank NSW & ACT aims to finalise development and relocate into new food Distribution Centre. The new Distribution centre will be funded by the \$2 million NSW Government grant, \$200,000 ACT government grant, grants from other foundations, the sale of the existing Wetherill Park Warehouse and the use of surplus funds generated from general operations over the past years. It is anticipated this new facility will contain a leasable warehouse that will be used to generate income until required to handle the expected volume increase.

### **Environmental regulation**

Foodbank NSW & ACT is not subject to significant environmental regulation in respect of its principal activities.

### **Information on Directors**

**Ernest Pope** BSc. *Chairman.*

Appointed a director in February 2006 and Chairman in April 2007. Ern is the Chair of the Remuneration Committee of Foodbank NSW & ACT. He is also a member of the Audit, Government Relations Committee and the Public Relations Committee. Ern has over 40 years' senior executive experience in the food and beverage manufacturing industry in Asia, USA, Europe and Australasia. Prior to Foodbank, Ern spent 22 years with the Nestle Group, 16 years with Kraft Foods Limited and was also a previous Chairman of Golden Circle Ltd. Ern is also a non-executive Director of Foodbank Australia Limited and a non-executive Chairman at Yumi's Quality Foods Pty Ltd.

**Chris Bertinshaw** MComm, BBus, Dip Th, FAICD. *Director.*

Appointed a director in August 2008. Chris is a member of the Audit Committee of Foodbank NSW & ACT. He is a corporate governance systems consultant advising a diverse range of companies. He was the General Manager of Parramatta Mission – a division of the Uniting Church that provides social support for those in need. His experience includes not-for-profit, social services, education, IT and health. Chris is also the Chairman of Ranshaw Pty Limited and Relationships Australia (NSW) Limited.

**John Eales** *Director.*

Appointed a director in February 2014. John is currently the NSW/ACT Supermarkets State Manager at Woolworths Limited. Prior to this role, John played a pivotal senior leadership role in growing the NSW business, where he oversaw key branch launches and operational successes. Through his 34 year career with Woolworths Limited, John has worked in a wide variety of cross-divisional roles across Australia. John has created a legacy of operational improvement and achievement across each of the roles he has held. His diverse experience has allowed him to develop a well-rounded approach to leadership and retail operations.

**John Hudson** FCA. *Director.*

Appointed a director in August 2014. John is a member of the Audit Committee of Foodbank NSW & ACT. John has been engaged in both the development and investment in real estate for over 28 years. This has included significant periods as the senior finance executive in a series of major independent property companies. Prior to ceasing full time executive roles, John was the Managing Director and Chief Executive Officer of Thakral Holdings Group, a specialist hotel REIT with ancillary commercial and retail property together with residential development activities and over \$1 billion in assets. John is currently a Director of Retirement Villages Group, a Director of Tuckerbox which is a NRMA joint venture that owns Travelodge Hotels and a member of the investment committee for Terra Australis Property Fund. John is a Chartered Accountant and practiced with KPMG prior to becoming involved with the property sector.

**Peter Kelly** *Director.*

Appointed a director in October 2011. Peter is the Chair of Public Relations Committee of Foodbank NSW & ACT. He is also a member of the Government Relations Committee. Peter worked with global food company Nestle for 39 years. As a member of the senior management team, he lead the Company's Corporate Affairs function and was responsible for Nestle Oceania's External Media, Government Relations and Consumer Services, and Legal teams. He was the Chair and Board Member of the Infant Nutrition Council; a Board Member of the Global Compact Network Australia. Peter is now an independent management consultant.

**Peter Lucas** BComm, FAICD, FCA, FGIA, FCIS, JP. *Director.*

Appointed a director in July 2003. Peter is the Chair of the Audit Committee of Foodbank NSW & ACT. He is also a member of the Remuneration Committee. Peter is an independent consultant with over 40 years in business in fields including Chartered Accountancy, Merchant Banking, Government Financial institutions, Government Service delivery, Government Governance, Environmental Remediation Financing & Not for Profit sector. Peter is also an Independent Chair of the Audit & Risk Committee for NSW Treasury and the NSW Crime Commission.

**Information on Directors (continued)**

**Joan O'Shea BSc. Director.**

Appointed a director in August 2007. Joan is the Chair of the Safety and Risk Committee of Foodbank NSW & ACT. Joan has held numerous positions in senior Quality and Research and Development roles within the Food Manufacturing Industry. Joan is currently the Group Quality Director for Goodman Fielder with responsibilities across Australia, New Zealand and Asia Pacific. Joan brings a strong commercial experience in Food Safety Management and Operations to support Foodbank.

**Steve Schofield MBA (HR/IR), JP. Director.**

Appointed a director in March 2011. Steve is a member of the Remuneration, Government Relations, Land and Building and the Safety and Risk Committee of Foodbank NSW & ACT. Steve provides Foodbank NSW & ACT with over 30 years' experience in the area of Human Resources and Industrial Relations. Steve was appointed the Executive General Manager Human Resources with Downer EDI Rail in March 2012. His former roles included Group General Manager Human Resources for Komatsu Australia Pty Ltd, HR Director at Goodman Fielder, HR Director Schindler Lifts Australia and previously held the role of General Manager Industrial Relations at Qantas Airways Ltd.

**Clive Stiff MSc, FAICD. Director.**

Appointed a director in April 2010. Clive is a member of the Public Relations Committee of Foodbank NSW & ACT. Clive is the Chairman and CEO of Unilever Australia and New Zealand and a non-executive director of the Australian Food and Grocery Council. He brings over 25 years General Management and Marketing experience in fast moving consumer goods, including 2 years as the Managing Director of Goodman Fielder Baking and over 20 years with Procter & Gamble undertaking assignments in four different subsidiaries in developed and developing regions and in headquarters in Brussels and Geneva. In his last role as CEO of Procter & Gamble France, Clive was actively involved with NGOs helping the homeless in Paris and was Chairman of the Company's foundation dedicated to working with the National Society for the preservation of the French coast.

**Don Telford Director.**

Appointed a director in September 2002. Don is a member of the Land and Building and Safety and Risk committee of Foodbank NSW & ACT. As one of the most experienced logistics executives in Australasia Don's knowledge of transport, logistics and warehousing from his involvement with Toll Holdings, Asciano and now as chairman of the Logistics Council of Australia, provides Foodbank with insight and support for the distribution of its products.

**Meetings of Directors**

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 7 board meetings were held.

	<b>Attended</b>	<b>Held</b>
Ernest Pope (Chairman)	6	7
Chris Bertinshaw	6	7
John Eales	2	3
Peter Heywood	1	3
Julie Hunter	3	6
Peter Kelly	7	7
Peter Lucas	6	7
Brendan O'Reilly AM	3	5
Joan O'Shea	5	7
Steve Schofield	4	7
Clive Stiff	1	7
Don Telford	3	7

**Insurance of officers and auditors**

During the financial year, Foodbank Australia Limited on behalf of Foodbank NSW & ACT Limited and the other state Foodbanks paid a premium in respect of a contract insuring the directors of Foodbank NSW & ACT Limited (as named above), the company secretary, and all executive officers of Foodbank NSW & ACT against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Foodbank NSW & ACT has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of Foodbank NSW & ACT against a liability incurred as such by an officer or auditor.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

**Member's guarantee**

Foodbank NSW & ACT Limited is a company limited by guarantee. If Foodbank NSW & ACT is wound up, Foodbank NSW & ACT's constitution states that each member is required to contribute a maximum of \$10 towards meeting outstanding obligations of Foodbank NSW & ACT.

Number of members as at 30 June 2014 and 2013 are:

	2014	2013
Primary members	9	11
Agency members	491	555
	<u>500</u>	<u>566</u>

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under sub division 60-C section 60-40a of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 6.

**Auditor**

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

Ern Pope  
Director



Sydney  
16 October 2014



**Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012**

To: the directors of Foodbank NSW & ACT Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Trent Duvall  
*Partner*

Sydney

16 October 2014

# Foodbank NSW & ACT Limited ABN 22 056 422 407

## Financial report - 30 June 2014

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This financial report covers Foodbank NSW & ACT Limited (formerly known as Foodbank NSW Limited) as an individual entity. The financial report is presented in the Australian currency.

Foodbank NSW & ACT Limited is a "not-for-profit" company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

Foodbank NSW & ACT Limited  
152 Newton Road  
Wetherill Park 2164

A description of the nature of the entity's operations and its principal activities is included in the directors' report on pages 1-6, which is not part of these financial reports.

The financial report was authorised for issue by the directors on 16 October 2014. The directors have the power to amend and reissue the financial report.

**Foodbank NSW & ACT Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2014**

	Notes	2014 \$	2013 \$
<b>Revenue from continuing operations</b>			
Revenue from service fees	3	3,010,206	2,631,080
Cost of supply - purchased stock items only	4	<u>(550,033)</u>	<u>(466,826)</u>
		2,460,173	2,164,254
Other operating income	5	<u>661,724</u>	625,580
Other expenses from ordinary activities			
Distribution		(849,196)	(736,500)
Marketing		(57,014)	(20,717)
Administration		(387,986)	(386,592)
Personnel		(1,281,366)	(1,184,271)
Other		<u>(337,700)</u>	<u>(267,181)</u>
	6	<u>(2,913,262)</u>	<u>(2,595,261)</u>
<b>Results from operating activities</b>			
		<u>208,635</u>	194,573
Other income and expenses			
Other income		4,133,576	397,779
Other expenses		<u>(54,501)</u>	<u>(1,063)</u>
	7	<u>4,079,075</u>	396,716
Finance income	8	<u>156,162</u>	120,762
<b>Net surplus</b>		<b>4,443,872</b>	712,051
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Gain/(loss) on revaluation of land and buildings	17(a)	<u>322,500</u>	<u>(26,250)</u>
<b>Other comprehensive income for the year, net of tax</b>		<b>322,500</b>	<b>(26,250)</b>
<b>Total comprehensive income for the year</b>		<b><u>4,766,372</u></b>	<b>685,801</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Foodbank NSW & ACT Limited**  
**Balance sheet**  
**As at 30 June 2014**

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	9	7,693,718	3,323,111
Receivables	10	118,646	106,546
Other current assets	11	181,128	88,271
Non-current assets held for sale	12	2,900,000	-
<b>Total current assets</b>		<u>10,893,492</u>	<u>3,517,928</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	285,053	2,860,442
Intangible assets	13	7,911	10,767
<b>Total non-current assets</b>		<u>292,964</u>	<u>2,871,209</u>
<b>Total assets</b>		<u>11,186,456</u>	<u>6,389,137</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	14	149,825	148,405
Provisions	15	113,109	84,785
<b>Total current liabilities</b>		<u>262,934</u>	<u>233,190</u>
<b>Non-current liabilities</b>			
Provisions	16	23,796	22,593
<b>Total non-current liabilities</b>		<u>23,796</u>	<u>22,593</u>
<b>Total liabilities</b>		<u>286,730</u>	<u>255,783</u>
<b>Net assets</b>		<u>10,899,726</u>	<u>6,133,354</u>
<b>EQUITY</b>			
Reserves	17(a)	1,802,113	1,479,613
Accumulated surplus	17(b)	9,097,613	4,653,741
<b>Total equity</b>		<u>10,899,726</u>	<u>6,133,354</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**Foodbank NSW & ACT Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2014**

Notes	Reserves \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2012</b>	1,505,863	3,941,690	5,447,553
Surplus from continuing operations for the year	-	712,051	712,051
Gain/(loss) on revaluation of land and buildings	17(a) (26,250)	-	(26,250)
<b>Total comprehensive income for the year</b>	<b>(26,250)</b>	<b>712,051</b>	<b>685,801</b>
<b>Balance at 30 June 2013</b>	<b>1,479,613</b>	<b>4,653,741</b>	<b>6,133,354</b>
<b>Balance at 1 July 2013</b>	1,479,613	4,653,741	6,133,354
Surplus from continuing operations for the year	-	4,443,872	4,443,872
Gain/(loss) on revaluation of land and buildings	17(a) 322,500	-	322,500
<b>Total comprehensive income for the year</b>	<b>322,500</b>	<b>4,443,872</b>	<b>4,766,372</b>
<b>Balance at 30 June 2014</b>	<b>1,802,113</b>	<b>9,097,613</b>	<b>10,899,726</b>

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

**Foodbank NSW & ACT Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2014**

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from agencies, donations and grants		7,780,221	3,633,714
Payments to suppliers and employees		<u>(3,426,322)</u>	<u>(2,940,656)</u>
<b>Net cash inflow from operating activities</b>	25	<u>4,353,899</u>	<u>693,058</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(104,888)	(12,772)
Payments for intangibles	13	(5,250)	-
Payments for option contracts		<u>(42,500)</u>	<u>-</u>
<b>Net cash (outflow) from investing activities</b>		<u>(152,638)</u>	<u>(12,772)</u>
<b>Cash flows from financing activities</b>			
Interest received		<u>169,346</u>	<u>105,928</u>
<b>Net cash inflow from financing activities</b>		<u>169,346</u>	<u>105,928</u>
<b>Net increase in cash and cash equivalents</b>		<u>4,370,607</u>	<u>786,214</u>
Cash and cash equivalents at the beginning of the financial year		<u>3,323,111</u>	<u>2,536,897</u>
<b>Cash and cash equivalents at end of year</b>	9	<u>7,693,718</u>	<u>3,323,111</u>

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

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## **1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Reporting entity**

Foodbank NSW & ACT Limited (formerly known as Foodbank NSW Limited) is a "not-for-profit" company limited by guarantee. It is an income tax exempt charitable organisation domiciled in Australia which collects surplus, salvaged and donated food and grocery products from food manufacturers, distributors and retailers and distributes it via charitable welfare agencies, to people in need.

### **(b) Basis of preparation**

This general purpose financial report have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

#### *(i) Compliance with IFRS*

The financial report of the Foodbank NSW & ACT Limited company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *(ii) Historical cost convention*

This financial report has been prepared under the historical cost convention with the exception of certain classes of property, plant and equipment that are carried at fair value as discussed in note 12.

#### *(iii) Critical accounting estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates however there are no material estimates or uncertainties. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### **(c) Revenue recognition**

Revenue is recognised for the major business activities as follows:

#### *(i) Service fees*

A nominal service fee is charged for the storage, handling and distribution of donated product to agencies. Service fee revenue is recognised when the service is rendered on an accrual basis.

#### *(ii) Donations/Contributions*

Due to the nature of donations, such items can only be recognised as income when they are received and recorded in Foodbank NSW & ACT's accounting records.

#### *(iii) Grants*

Grants can be granted to Foodbank NSW & ACT with conditions attached or for specific purposes (reciprocal transfers) or with no conditions or specific purpose attached (non-reciprocal transfers).

Grants that meet the definition of non-reciprocal transfers are subject to AASB 1004 Contributions and are recognised as revenue when Foodbank NSW & ACT receives the grant.

Where the grant is a reciprocal transfer, AASB 118 Revenue is applicable. Revenue arising from the grant is recognised in proportion to the stage of completion of the transaction at the reporting date. Where funding has been received but does not meet the revenue recognition criteria of AASB 118 Revenue, the funding is recorded as unearned revenue in the balance sheet.

#### *(iv) Interest income*

Interest is recognised on an accrual basis.

## **1 Summary of significant accounting policies (continued)**

### **(d) Income tax**

Foodbank NSW & ACT is exempt from the payment of income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

### **(e) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### **(f) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that Foodbank NSW & ACT will not be able to collect all amounts due according to the original terms of the receivables.

### **(g) Inventories**

Inventories comprise of both goods donated or salvaged at no cost and a small amount of goods purchased to supplement the inventory available to meet the needs of charity clients.

As Foodbank NSW & ACT is a 'not-for-profit' entity the purchased inventories held for distribution are carried at cost.

Inventories are carried at \$108,444 (2013: \$43,390) which is the cost Foodbank NSW & ACT incurred to acquire the assets as at the reporting date.

Foodbank NSW & ACT is not permitted to sell products donated to it.

### **(h) Non-current assets held for sale**

Non-current assets are classified as 'held for sale' if their carrying amount is to be recovered principally through a sales transaction rather than through continuing use. The reclassification takes place when the sale is highly probable and is expected to occur within one year from the date of classification. Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

As at 30 June 2014, Foodbank NSW & ACT's land and buildings carried at \$2,900,000 was transferred to non-current assets held for sale as shown in note 12.

### **(i) Property, plant and equipment**

Foodbank NSW & ACT's accounting policy is to carry land and buildings under a revaluation model, being fair value at the date of revaluation less subsequent accumulated depreciation. As at 30 June 2014, land and buildings were valued at \$2,900,000 (2013: \$2,600,000), resulting in an increase to the revaluation reserve of \$322,500 (2013: \$26,250 decrease) as shown in note 12.

Land and buildings are measured at fair value. Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. Otherwise, fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on open market value. The fair values are recognised in the financial statements of the entity, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Plant and equipment that is donated is recognised at fair value, if that value is above \$5,000, in property, plant & equipment at the date of acquisition, with a non-cash donation recognised for the same amount.

## **1 Summary of significant accounting policies (continued)**

### **(i) Property, plant and equipment (continued)**

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	40 years
Plant and equipment	3-7 years
Leased assets	5 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### **(j) Intangible assets**

#### *Software*

Software assets which have finite useful lives, are measured at cost less accumulated amortisation.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 5 years, from the date that they are available for use.

### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to Foodbank NSW & ACT prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(l) Employee benefits**

#### *(i) Short-term obligations*

Liabilities for wages, salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### *(ii) Long-term employee benefit obligations*

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

### **(m) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

## 1 Summary of significant accounting policies (continued)

### (m) Goods and Services Tax (GST) (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (n) 'In-kind' provision of services to Foodbank NSW & ACT Limited

Foodbank NSW & ACT receives "in-kind" services from a number of individuals and organisations. Foodbank NSW & ACT does not recognise an expense and associated revenue for these 'in-kind' services in the financial report. The major 'in-kind' services received are disclosed in note 22.

### (o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Foodbank NSW & ACT has not adopted these new standards and interpretations and it is not expected that their adoption will have a material impact on future financial statements.

## 2 Financial risk management

Foodbank NSW & ACT's activities expose it to market risk and credit risk.

### (a) Market risk

#### (i) Cash flow and fair value interest rate risk

Foodbank NSW & ACT's main interest rate risk arises from its holdings of cash and term deposits. There is no material interest rate risk exposure on financial liabilities.

#### (ii) Price risk

Index	1% increase in interest rates		-1% decrease in interest rates	
	2014 \$	2013 \$	2014 \$	2013 \$
Cash and cash equivalents	12,428	1,753	(12,428)	(1,753)
Bank bills and term deposits	43,180	26,602	(43,180)	(26,602)
<b>Effect on surplus</b>	<b>55,608</b>	<b>28,355</b>	<b>(55,608)</b>	<b>(28,355)</b>

Carrying values of the assets are as follows:

	2014 \$	2013 \$
Cash and cash equivalents	477,160	153,458
Bank bills and term deposits	7,216,558	3,169,653
	<b>7,693,718</b>	<b>3,323,111</b>

### (b) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to Foodbank NSW & ACT. Foodbank NSW & ACT has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Foodbank NSW & ACT measures credit risk on a fair value basis.

### (c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting date.

The net fair value of all financial assets and liabilities in the balance sheet approximates their carrying values.

### 3 Revenue

	2014	2013
	\$	\$
<b>From continuing operations</b>		
Revenue from service fees	<u>3,010,206</u>	<u>2,631,080</u>

Service fees are generally charged to our member agencies on the basis of kilograms of product they withdraw from Foodbank NSW & ACT.

### 4 Cost of supply - purchased stock

	2014	2013
	\$	\$
Cost of supply - purchased stock	542,967	465,797
Direct purchases inventory write offs	<u>7,066</u>	<u>1,029</u>
	<u>550,033</u>	<u>466,826</u>

### 5 Other operating income

	2014	2013
	\$	\$
NSW Government: Transport Subsidy	422,244	423,405
Freight recovery fees	<u>239,480</u>	<u>202,175</u>
	<u>661,724</u>	<u>625,580</u>

## 6 Operating expenses

	2014 \$	2013 \$
<b><i>Distribution expenses</i></b>		
Freight expenses	589,905	504,221
Motor vehicle, truck and forklift	117,283	111,947
Service fees - interstate Foodbank entities	27,287	19,612
Storage - external	37,064	15,711
Waste removal	21,062	24,559
Warehouse expenses	56,595	60,450
	<b>849,196</b>	<b>736,500</b>
<b><i>Marketing expenses</i></b>		
Advertising and marketing	57,014	20,717
<b><i>Administration expenses</i></b>		
Amortisation of intangible assets	8,106	10,918
Depreciation of plant and equipment	102,526	107,313
Electricity	64,572	65,098
Employment support costs	1,767	5,995
Foodbank Australia administration fee	154,980	151,200
Insurance	19,812	19,260
Legal fees	8,480	-
Printing and stationery	7,397	6,895
Telephone	20,346	19,913
	<b>387,986</b>	<b>386,592</b>
<b><i>Personnel expenses</i></b>		
Salaries and wages - includes superannuation \$101,327 (2013: \$89,598)	1,281,366	1,184,271
<b><i>Other expenses</i></b>		
Bad debts	723	499
Cleaning	11,035	12,474
Computer maintenance and support	15,468	14,281
Computer management - Foodbank Australia centralised server	79,212	79,212
Consultancy fees	121,028	71,821
Contractor expenses	19,089	19,784
Membership fees	12,863	10,867
Repairs and maintenance	21,557	21,393
Training and development	7,240	6,972
Travel and accomodation	19,606	9,214
Others	29,879	20,664
	<b>337,700</b>	<b>267,181</b>
	<b>2,913,262</b>	<b>2,595,261</b>

Foodbank NSW & ACT also receives "in-kind" services which are not recorded in the accounting records shown in note 22.

## 7 Other income and expenses

	2014 \$	2013 \$
<b>Other Income</b>		
<i>Fundraising Income:</i>		
- General donations	1,285,987	309,943
- Fundraising: online campaigns	42,316	-
- Fundraising: dinners	130,665	-
- Fundraising: events/concerts	32,516	70,789
- Other non-government grants	415,000	10,000
<i>Government Grants: New Distribution Centre:</i>		
- NSW Government	2,000,000	-
- ACT Government	200,000	-
Sundry income	27,092	7,047
	4,133,576	397,779
<b>Other Expenses</b>		
Fundraising expenses	(54,501)	(1,063)
	4,079,075	396,716

## 8 Finance income

	2014 \$	2013 \$
Interest received	156,162	120,762

## 9 Current assets - Cash assets

	2014 \$	2013 \$
Cash on hand	1,500	1,500
Cash in bank - trading account	473,282	150,395
Cash in bank - PayPal	2,378	1,563
Cash in bank - ANZ 11 AM Call	4,583,115	644,370
Cash in bank - NAB term deposits	2,633,443	2,525,283
	7,693,718	3,323,111

### (a) Cash in bank

These are bearing weighted average interest rate of 2.88% (2013: 3.38%).

### (b) Fair value

The carrying amount for cash assets equals the fair value.

**10 Current assets – Receivables**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Service fees receivable	<b>110,661</b>	85,377
Interest receivable	<b>7,985</b>	21,169
	<b>118,646</b>	106,546

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. There are no overdue or impairment on receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for information on the risk management policy of Foodbank NSW & ACT and the credit quality of Foodbank NSW & ACT's receivables.

The aging of service fees receivables is as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Not past due	<b>55,730</b>	46,493
Past due 1 – 7 days	<b>32,535</b>	16,555
Past due 7 – 14 days	<b>15,347</b>	6,486
Past due 14 – 21 days	<b>2,784</b>	7,755
Past due over 21 days	<b>4,265</b>	8,087
	<b>110,661</b>	85,377

**11 Current assets - Other current assets**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Call option for land purchase <sup>1</sup>	<b>42,500</b>	-
Inventory of purchased stock	<b>108,444</b>	43,390
GST refundable	<b>5,392</b>	17,773
Prepayments	<b>24,792</b>	27,108
	<b>181,128</b>	88,271

<sup>1</sup> Option agreement entered with the Blacktown City Council on 9 May 2014, giving Foodbank NSW & ACT the option to purchase the property *Lot 2 & 2 Owen Street, Glendenning* for the exercise price of \$4,675,000 (GST Inc.) by 22 August 2014. This premium will form part of the purchase price payment under the contract. The option was exercised on 22 August 2014 as discussed in note 24.

## 12 Non-current assets - Property, plant and equipment

	Freehold land and buildings \$	Plant and equipment \$	Capital work in progress \$	Total \$
<b>At 1 July 2012</b>				
Cost or fair value	2,650,000	960,206	-	3,610,206
Accumulated depreciation	-	(628,974)	-	(628,974)
Net book amount	2,650,000	331,232	-	2,981,232
<b>Year ended 30 June 2013</b>				
Opening net book amount	2,650,000	331,232	-	2,981,232
Revaluation (decrement)	(26,250)	-	-	(26,250)
Additions	-	12,772	-	12,772
Disposals <sup>1</sup>	-	-	-	-
Depreciation charge	(23,750)	(83,562)	-	(107,312)
Closing net book amount	2,600,000	260,442	-	2,860,442
<b>At 30 June 2013</b>				
Cost or fair value	2,600,000	965,209	-	3,565,209
Accumulated depreciation	-	(704,767)	-	(704,767)
Net book amount	2,600,000	260,442	-	2,860,442
<b>Year ended 30 June 2014</b>				
Opening net book amount	2,600,000	260,442	-	2,860,442
Revaluation	322,500	-	-	322,500
Additions	-	25,528	79,360	104,888
Disposals <sup>2</sup>	-	(251)	-	(251)
Depreciation charge	(22,500)	(80,026)	-	(102,526)
Transfers to assets held for sale	(2,900,000)	-	-	(2,900,000)
Closing net book amount	-	205,693	79,360	285,053
<b>At 30 June 2014</b>				
Cost	-	979,073	79,360	1,058,433
Accumulated depreciation	-	(773,380)	-	(773,380)
Net book amount	-	205,693	79,360	285,053

<sup>1</sup> Does not include fully written down plant and equipment disposals of \$7,769.

<sup>2</sup> Does not include fully written down plant and equipment disposals of \$11,413.

### Valuations of land and buildings

The fair value of the freehold land and buildings was determined by market based evidence derived from current market offers for the purchase of Foodbank NSW & ACT's Wetherill Park Distribution Centre at \$2,900,000. The Director's valuation was resolved by Directors unanimously on 25 June 2014. It is anticipated that the Wetherill Park Distribution Centre will be sold within the next 12 months and is consequently transferred to assets held for sale.

In 2012-13, the fair value of the freehold land and buildings was assessed by an independent valuer B. Davis, AAPI of M. J. Davis Valuations Pty Limited as \$2,600,000. The fair value was determined on an open market value basis, being the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date of 14 June 2013.

### Capital work in progress

Capital work in progress represents amounts associated with the initial design and development of Foodbank NSW & ACT's new Distribution Centre.

**13 Non-current assets - Intangible assets**

	<b>Software</b> <b>\$</b>
<b>At 1 July 2012</b>	
Cost	54,595
Accumulation amortisation and impairment	<u>(32,910)</u>
Net book amount	<u>21,685</u>
<b>Year ended 30 June 2013</b>	
Opening net book amount	21,685
Amortisation charge	<u>(10,918)</u>
Closing net book amount	<u>10,767</u>
<b>At 30 June 2013</b>	
Cost	54,595
Accumulation amortisation and impairment	<u>(43,828)</u>
Net book amount	<u>10,767</u>
<b>Year ended 30 June 2014</b>	
Opening net book amount	10,767
Additions	5,250
Disposals <sup>1</sup>	-
Amortisation charge	<u>(8,106)</u>
Closing net book amount	<u>7,911</u>
<b>At 30 June 2014</b>	
Cost	20,135
Accumulated amortisation	<u>(12,224)</u>
Net book amount	<u>7,911</u>

<sup>1</sup> Does not include fully written down Software disposal of \$39,710.

**14 Current liabilities – Payables**

	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Creditors	<b>113,940</b>	123,200
PAYG withholding payable	<b>15,033</b>	12,035
Accrued expenses	<b>9,248</b>	5,289
Superannuation payable	<b>11,604</b>	7,881
	<u><b>149,825</b></u>	<u>148,405</u>

## 15 Current liabilities – Provisions

	<b>2014</b>	<b>2013</b>
	\$	\$
Employee benefits	<b>113,109</b>	84,785

Foodbank NSW & ACT has 19 employees (16.9 full time equivalents) as at 30 June 2014 (2013: 18 (15.9 full time equivalents)).

## 16 Non-current liabilities – Provisions

	<b>2014</b>	<b>2013</b>
	\$	\$
Employee benefits	<b>23,796</b>	22,593

## 17 Reserves and accumulated funds

### (a) Reserves

	<b>2014</b>	<b>2013</b>
	\$	\$
Asset revaluation reserve	<b>1,802,113</b>	1,479,613

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Movements:</b>		

#### *Asset revaluation reserve*

Opening balance	1,479,613	1,505,863
Revaluation increment (decrement) - (note 12)	<b>322,500</b>	(26,250)
Balance 30 June	<b>1,802,113</b>	1,479,613

### (b) Accumulated funds

Movements in accumulated funds were as follows:

	<b>2014</b>	<b>2013</b>
	\$	\$
Balance 1 July	<b>4,653,741</b>	3,941,690
Surplus for the year	<b>4,443,872</b>	712,051
Balance 30 June	<b>9,097,613</b>	4,653,741

### (c) Nature and purpose of other reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of land and buildings.

## 18 Remuneration of auditors

KPMG performed the audit on an honorary basis and accordingly did not receive any payment for services rendered during this or the previous financial year.

## 19 Contingencies

Foodbank NSW & ACT had no contingent assets or liabilities at 30 June 2014 (2013: nil).

## 20 Commitments

Foodbank NSW & ACT had no commitments at 30 June 2014 (2013: nil).

## 21 Related party transactions

### (a) Directors

The names of persons who were directors of Foodbank NSW & ACT at any time during the financial year are as follows:

Ernest Pope	(Appointed 9 February 2006)
Chris Bertinshaw	(Ceased 30 June 2014)
John Eales	(Appointed 26 February 2014)
Peter Heywood	(Ceased 14 November 2013)
Julie Hunter	(Ceased 16 April 2014)
Peter Kelly	(Appointed 13 October 2011)
Peter Lucas	(Appointed 5 July 2003)
Brendan O'Reilly	(Ceased 15 March 2014)
Joan O'Shea	(Appointed 9 August 2007)
Stephen Schofield	(Appointed 9 March 2011)
Clive Stiff	(Appointed 22 April 2010)
Don Telford	(Appointed 1 September 2002)

### (b) Foodbank Australia Limited

- (i) Foodbank Australia Limited acts as a national liaison and co-ordination point for the activities of Foodbank NSW & ACT Limited and other similar 'Foodbank' organisations in Western Australia, South Australia, Victoria, Queensland, Tasmania and Northern Territory. Foodbank Australia Limited costs of operation are met in part by levies paid by all 'Foodbank' organisations. During the year, Foodbank NSW & ACT Limited paid \$154,980 (2013: \$151,200) to Foodbank Australia Limited.
- (ii) In June 2013, Foodbank NSW & ACT paid \$18,972 to Foodbank Australia for Foodbank's overall brand analysis and review.
- (iii) Foodbank Australia Limited hosts a centralised server as part of the federated approach to computer systems and software. Foodbank NSW & ACT paid \$79,212 (2013: \$79,212) to Foodbank Australia Limited for the company's share of the costs of this federated service. This payment covers consultancy, management and maintenance costs of the hosting server and software program.

### (c) Other

Gerry Andersen is the CEO of Foodbank NSW & ACT and is also a Director of Pegasus Print Group. Pegasus Print Group provides Foodbank NSW & ACT with regular printing services throughout the financial year. These printing services are often provided free of charge. During the year, Foodbank NSW & ACT paid \$930 (2013: \$2,363) to Pegasus Print Group.

### (d) Directors remuneration

No remuneration was paid or is payable to any of the directors in respect of the financial year ended 30 June 2014 (2013: \$nil).

## 22 'In-kind' provision of services

Foodbank NSW & ACT relies upon a network of organisations and individuals to enable it to achieve its objectives, some of which do not charge Foodbank NSW & ACT for their services, or part of their services. As detailed in note 1(l), Foodbank NSW & ACT does not record these 'in kind' services received as both revenue and expenditure.

In order to understand the level of expenditure that would be incurred if these organisations and individuals were to charge for their services, the following information on major 'in kind' services received is provided.

<i>Item</i>	<i>Provided by</i>	<i>Estimated value 2014 \$</i>	<i>Estimated value 2013 \$</i>	<i>If paid, would be an addition to the following expenses (refer Note 6)</i>
Accounting and taxation services	PwC	<b>15,000</b>	15,000	Other expenses
Annual report design	Alan Lippert/ Kris Franken (2013 only)	<b>1,200</b>	5,750	Printing and stationery
Audit services	KPMG	<b>40,000</b>	40,000	Audit fees
Food safety consultancy	Marrienne Henning	<b>200</b>	2,000	Consultancy
Forklift maintenance	Crown Equipment	<b>4,800</b>	4,800	Warehouse expenses
Freight - intrastate	Toll Holdings	<b>22,000</b>	21,400	Freight
Legal fees	Holman Webb Lawyers	<b>6,000</b>	6,000	Legal fees
Pallet hire	Chep/Loscam	<b>99,000</b>	99,000	Warehouse expenses
Printing	Pegasus Print Group	<b>10,300</b>	7,000	Printing and stationery
Racking repairs	Dexion	<b>500</b>	800	Repairs and maintenance
Storage	Woolworths/Swire Cold Storage	<b>23,000</b>	38,000	Storage - offsite
Volunteers	Individuals	<b>750,000</b>	735,000	Salaries, wages and fees
		<b>972,000</b>	974,750	

## 23 Additional information to be furnished under the Charitable Fundraising Act 1991

Throughout the financial year ending 30 June 2014, Foodbank NSW & ACT conducted various online appeals aimed to raise funds to support food programs such as *Emergency Food Hampers* and the *Big Breakfast*. Funds received from these appeals have been applied to the purchase of food to support these programs.

In addition, on 7 September 2013, Foodbank NSW & ACT held a 21<sup>st</sup> Birthday Fundraising Dinner to raise funds for the purchase of Foodbank NSW & ACT's new Distribution Centre.

In February 2014 and March 2013, Foodbank NSW & ACT was given the opportunity to fundraise and collect proceeds from the public to help fund Foodbank NSW & ACT's operations. The fundraising activity occurred over three nights at Bruce Springsteen NSW's concerts and involved public money tin collections and concert ticket auctioning.

Since Foodbank NSW & ACT has now become more proactive in its fundraising efforts, other general donations received and other non-government grants are included in the gross proceeds from fundraising appeals for the year ending 30 June 2014. Refer to note 7 for the breakdown of funds received from each fundraising activity.

In accordance with section 20 of the Charitable Fundraising (NSW) Act 1991, monies received in the course of fundraising appeals are applied according to the objects or purposes of the appeal net of proper and appropriate expenses. As at the end of the year Foodbank NSW & ACT has a \$1,139,222 surplus (2013: \$nil) from fundraising appeals. Surplus funds from fundraising appeals will be applied to the purchase of Foodbank NSW & ACT's new Distribution Centre in the financial year ending 30 June 2015.

	2014	2013
	\$	\$
(1) Gross proceeds from fundraising appeals	<b>1,906,484</b>	70,789
(Less) Direct fundraising costs	<b>(54,501)</b>	(1,063)
Net surplus from fundraising appeals	<b>1,851,983</b>	69,726

(2) These were applied to the following charitable purpose*:		
Purchase of food for distribution	<b>633,401</b>	69,726
New Distribution Centre (initial design and development costs)	<b>79,360</b>	-
Total expenditure on direct services	<b>712,761</b>	69,726
Surplus from fundraising appeals	<b>1,139,222</b>	-

\* No amount was attributable to administration expenses

### *Comparisons of certain monetary figures and percentages*

Gross Income from fundraising appeals	<b>1,906,484</b>	70,789
Total direct cost of fundraising appeals	<b>54,501</b>	1,063
Total direct cost of fundraising as a percentage of gross income from fundraising appeals	<b>2.9%</b>	1.5%

Net surplus from fundraising appeals	<b>1,851,983</b>	69,726
Net surplus from fundraising as a percentage of gross income from fundraising appeals	<b>97.1%</b>	98.5%

Total expenditure (excluding direct cost of fundraising appeals)	<b>712,761</b>	69,726
Total cost of direct services as a percentage of total expenditure	<b>100%</b>	100%

Total cost of direct services as a percentage of gross proceeds from fundraising appeals	<b>37.4%</b>	98.5%
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## 24 Events occurring after the reporting period

On 22 August 2014, Foodbank NSW & ACT exercised its existing call option to purchase the property *Lot 2 & 2 Owen Street, Glendenning* for the exercise price of \$4,675,000 (inclusive of GST). The property was subsequently settled on 3 October 2014.

In addition, Foodbank NSW & ACT has commenced the design and construction program for its new Distribution Centre. It is anticipated the new Distribution Centre will be completed by mid-2015.

## 25 Reconciliation of surplus after income tax to net cash inflow from operating activities

	2014	2013
	\$	\$
Surplus for the year	4,443,872	712,051
Depreciation and amortisation	110,632	118,231
Net loss on disposal of property, plant and equipment	251	-
Interest received	(156,162)	(120,762)
Change in operating assets and liabilities:		
(Increase) in current receivables (excluding interest)	(25,284)	(20,725)
(Increase) in other current assets (excluding call option)	(50,357)	(5,216)
Increase (decrease) in current payables	1,420	(6,555)
Increase in provisions	29,527	16,034
Net cash inflow from operating activities <sup>1</sup>	4,353,899	693,058

<sup>1</sup> Net cash inflow from operating activities includes cash flows associated with grant income and other donation activities as set out in Note 7.

In the directors' opinion:

- (a) the financial report and notes set out on pages 12 to 27 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
  - (i) complying with Accounting Standards, the *Australian Charities and Not-for-Profits Commission Regulation 2013* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial report also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Ern Pope  
Director



Sydney  
16 October 2014

The directors declare that:

- (a) the financial report gives a true and fair view of all income and expenditure of Foodbank NSW & ACT Limited with respect to fundraising appeal activities for the financial year ended 30 June 2014;
- (b) the provisions of the *Charitable Fundraising Act 1991* and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2014; and
- (c) the internal controls exercised by Foodbank NSW & ACT Limited are appropriate and effective in accounting for all income received and applied by Foodbank NSW & ACT Limited from any of its fundraising appeals.

Signed in accordance with a resolution of the directors.

On behalf of the directors

Ern Pope  
Director

A handwritten signature in black ink, appearing to be 'EP', written over a faint, illegible stamp or background.

Sydney  
16 October 2014



## **Independent auditor's report to the members of Foodbank NSW & ACT Limited**

### *Report on the financial report*

We have audited the accompanying financial report of Foodbank NSW & ACT Limited (the Company), which comprises the balance sheet as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

This audit report has also been prepared for the members of the Company in pursuant to *Australian Charities and Not-for-profits Commission Act 2012 (ACNC)*.

### *Directors' responsibility for the financial report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the ACNC. The Director's responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with the ACNC, which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

*Auditor's opinion*

In our opinion,

- (a) the financial report of Foodbank NSW & ACT Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.



KPMG



Trent Duvall  
*Partner*

Sydney

16 October 2014