

# **Foodbank NSW Limited**

ABN 22 056 422 407

## **Financial Report for the year ended 30 June 2012**



**Foodbank NSW Limited** ABN 22 056 422 407  
**Financial Report - 30 June 2012**

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## Directors' report

Your directors present the annual financial report of Foodbank NSW Limited ("Foodbank NSW") for the year ended 30 June 2012.

### Directors

The following persons were directors of Foodbank NSW Limited during the whole of the financial year and up to the date of this report:

<i>Name</i>	<i>Date Appointed</i>
Ernest Pope (Chairman)	9 February 2006
Chris Bertinshaw	7 August 2008
Phillip Hart	9 February 1995
Peter Heywood	25 August 2005
Julie Hunter	9 March 2011
Peter Kelly	13 October 2011
Peter Lucas	5 July 2003
Brendan O'Reilly	16 February 2012
Joan O'Shea	9 August 2007
Stephen Schofield	9 March 2011
Clive Stiff	22 April 2010
Don Telford	1 September 2002

### Principal activities

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

- (a) source and accept excess food and related products from manufacturers, farmers/primary producers, retailers and distributors and encourage partnerships with these suppliers, and
- (b) distribute donated 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 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 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 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.

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.

### Short term objectives

For the next financial year, Foodbank NSW 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.

### 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 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 approach the NSW Government for infrastructure funding.

### Measurement of performance

To achieve the objectives and strategies above, Foodbank NSW 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 Limited**

Foodbank NSW 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 2012 and 2011.

**Review of operations**

The net surplus of Foodbank NSW for the year ended 30 June 2012 was \$168,850 (2011: \$604,897).

**Significant changes in the state of affairs**

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

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

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

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

**Likely developments and expected results of operations**

Future developments of Foodbank NSW are addressed generally in other sections of the Annual Report. Disclosure of information regarding likely developments in the operations of Foodbank NSW in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to Foodbank NSW. Accordingly, this information has not been disclosed in this report.

**Environmental regulation**

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

**Information on directors**

Ernest Pope  
*Chairman*  
*BSc*

Appointed a director in February 2006 and Chairman in April 2007. Ern is the Chair of the Remuneration Committee and the Public Relations Committee of Foodbank NSW. He is also a member of the Audit and Government 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 currently Chairman of Rafferty's Garden Pty Ltd and a non-executive Director of Alesco Corporation Limited and Foodbank Australia Limited.

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

Appointed a director in August 2008. Chris is a member of the Audit Committee of Foodbank NSW. Chris was the former General Manager of Parramatta Mission – a division of the Uniting Church that provides social support for those in need. Along with over 20 years' experience in Not-for-Profit, Community Services. Chris also has a wide range of corporate experience in business administration. Chris is also the Director for Ranshaw Pty Ltd.

Phillip Hart  
*Director*  
*BCom, BSW, FAICD*

Appointed a director in February 1995. Phillip was the former CEO of Red Cross NSW, senior executive with the Departments of Health & Community Services and the previous Chairman of Foodbank NSW serving 17 years as a Director. He brings to the position his experience as a management consultant with extensive hands on understanding of Not-for-Profit management.

**Information on directors (continued)**

Peter Heywood

*Director*  
*Dip Mgmt*

Appointed a director in August 2005. Peter is currently a senior executive with Woolworths - focusing on food safety standards and purchasing. Peter has over 37 years' experience in the Food Retailing Industry and provides Foodbank with expertise focusing on Food safety standards, Marketing, Purchasing, IT and Logistics programs. Peter is also a Director and Deputy Chair of Woolworths Employees Credit Union and Director of State-wide Independent Wholesalers Tasmania.

Julie Hunter

*Director*  
*BAppSci, GDAcc, MFin, FCPA*

Appointed a director in March 2011. Julie is a member of the Public Relations Committee of Foodbank NSW. Currently, Julie is a senior executive with ANZ Institutional Bank and has over 20 years of banking experience. Julie is the President of Women in Banking and Finance, a Not-for-Profit organisation that works to develop women's careers in the banking industry. Julie is highly regarded for her strategic thinking and provides financial knowledge and corporate associations for the organisation.

Peter Kelly

*Director*

Appointed a director in October 2011. Peter is a member of the Government Relations Committee of Foodbank NSW. 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 and a member of the Australian Indigenous Chamber of Commerce Advisory Board.

Peter Lucas

*Director*  
*BCom, FAICD, FCA, FCIS, JP*

Appointed a director in July 2003. Peter is the Chair of the Audit Committee of Foodbank NSW. He is also a member of the Risk Committee and 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 Member of the Audit & Risk Committee for NSW Treasury.

Brendan O'Reilly AM

*Director*  
*MMgt*

Appointed a director in February 2012. Brendan is the Chair of the Government Relations Committee of Foodbank NSW. Brendan O'Reilly has extensive experience at a senior executive service level in the NSW public service. He has held the positions of Director with NSW TAFE, Deputy Director General with the then Department of Community Services and also with the NSW Premier's department. He has also been Director General of the Departments of Sport and Recreation; Ageing Disability and HomeCare and NSW Premiers and Cabinet. He has been extensively involved in organisation restructuring and organisational change/cultural management. In 2006, Brendan was awarded an AM for his services to TAFE and to people with disabilities.

Joan O'Shea

*Director*  
*BSc*

Appointed a director in August 2007. Joan is the Chair of the Risk Committee of Foodbank NSW. 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 contemporary commercial experience in Food Management and Operations to support Foodbank.

**Information on directors (continued)**

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

Appointed a director in March 2011. Steve is a member of the Remuneration, Government Relations and Risk Committee of Foodbank NSW and he provides Foodbank NSW with over 27 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  
*Director*  
MSc, FAICD

Appointed a director in April 2010. Clive is a member of the Public Relations Committee of Foodbank NSW. Clive is the CEO of Unilever Australia and New Zealand. He brings 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. 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.

	Attended	Held
Ernest Pope (Chairman)	6	7
Chris Bertinshaw	7	7
Phillip Hart	6	7
Peter Heywood	7	7
Julie Hunter	7	7
Peter Kelly	5	5
Peter Lucas	7	7
Brendan O'Reilly	3	4
Joan O'Shea	4	7
Stephen Schofield	5	7
Clive Stiff	6	7
Don Telford	5	7

**Insurance of officers and auditors**

During the financial year, Foodbank NSW paid a premium in respect of a contract insuring the directors of Foodbank NSW (as named above), the company secretary, and all executive officers of Foodbank NSW 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 has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of Foodbank NSW against a liability incurred as such 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*.

**Members guarantee**

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

	2012	2011
Number of members as at 30 June 2012 and 2011 are:		
Primary members	12	10
Agency members	<u>462</u>	<u>523</u>
	<u>474</u>	<u>533</u>

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

**Auditor**

KPMG continues in office in accordance with section 325 of the *Corporations Act 2001*.

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



Ernest Pope  
Director

Sydney  
24 October 2012



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Foodbank NSW Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Mark Epper  
*Partner*

Sydney

24 October 2012

# Foodbank NSW Limited ABN 22 056 422 407

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This financial report covers Foodbank NSW Limited as an individual entity. The financial report is presented in the Australian currency.

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

Foodbank NSW Limited  
152 Newton Road  
Wetherill Park 2164

A description of the nature of the company's operations and its principal activities is included in the directors' report on pages 1 - 5.

The financial report was authorised for issue by the directors on 25 October 2012. Foodbank NSW Limited has the power to amend and reissue the financial report.

**Foodbank NSW Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2012**

	Notes	2012 \$	2011 \$
Revenue from service fees	3	1,960,825	1,969,548
Cost of supply - purchased stock items only	4	<u>(146,828)</u>	<u>(148,030)</u>
Gross margin		<u>1,813,997</u>	<u>1,821,518</u>
Other income	5	<u>691,716</u>	<u>465,187</u>
Distribution		(503,022)	(119,775)
Marketing		(1,305)	(6,460)
Administration		(1,548,250)	(1,262,315)
Other		<u>(284,286)</u>	<u>(293,258)</u>
Total operating expenses	6	<u>(2,336,863)</u>	<u>(1,681,808)</u>
Results from operating activities		<u>168,850</u>	<u>604,897</u>
Surplus from continuing operations		<u>168,850</u>	<u>604,897</u>
<b>Other comprehensive income</b>			
Gain on revaluation of land and buildings	10	<u>48,125</u>	<u>19,134</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>48,125</u>	<u>19,134</u>
<b>Total comprehensive income for the year</b>		<u>216,975</u>	<u>624,031</u>

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

**Foodbank NSW Limited**  
**Balance sheet**  
**As at 30 June 2012**

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	7	<b>2,536,897</b>	2,462,639
Receivables	8	<b>70,987</b>	78,737
Other current assets	9	<b>92,775</b>	84,728
<b>Total current assets</b>		<b><u>2,700,659</u></b>	<u>2,626,104</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>2,981,232</b>	2,771,116
Intangible assets	11	<b>21,685</b>	32,632
<b>Total non-current assets</b>		<b><u>3,002,917</u></b>	<u>2,803,748</u>
<b>Total assets</b>		<b><u>5,703,576</u></b>	<u>5,429,852</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	<b>164,680</b>	130,947
Provisions	13	<b>71,993</b>	54,931
<b>Total current liabilities</b>		<b><u>236,673</u></b>	<u>185,878</u>
<b>Non-current liabilities</b>			
Provisions	14	<b>19,350</b>	13,396
<b>Total non-current liabilities</b>		<b><u>19,350</u></b>	<u>13,396</u>
<b>Total liabilities</b>		<b><u>256,023</u></b>	<u>199,274</u>
<b>Net assets</b>		<b><u>5,447,553</u></b>	<u>5,230,578</u>
<b>EQUITY</b>			
Reserves	15(a)	<b>1,505,863</b>	1,457,738
Accumulated surplus	15(b)	<b>3,941,690</b>	3,772,840
<b>Total equity</b>		<b><u>5,447,553</u></b>	<u>5,230,578</u>

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

**Foodbank NSW Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2012**

	Notes	Reserves \$	Accumulated Surplus \$	Total equity \$
<b>Balance at 1 July 2010</b>		1,438,604	3,167,943	4,606,547
Surplus from continuing operations for the year		-	604,897	604,897
Gain on revaluation of land and buildings	15	<u>19,134</u>	-	<u>19,134</u>
<b>Balance at 30 June 2011</b>		<u>1,457,738</u>	<u>3,772,840</u>	<u>5,230,578</u>
<b>Balance at 1 July 2011</b>		1,457,738	3,772,840	5,230,578
Surplus from continuing operations for the year		-	168,850	168,850
Gain on revaluation of land and buildings	15	<u>48,125</u>	-	<u>48,125</u>
<b>Balance at 30 June 2012</b>		<u>1,505,863</u>	<u>3,941,690</u>	<u>5,447,553</u>

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

**Foodbank NSW Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2012**

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and donations		2,486,238	2,325,366
Payments to suppliers and employees		<u>(2,309,109)</u>	<u>(1,701,923)</u>
<b>Net cash inflow from operating activities</b>	23	<u>177,129</u>	<u>623,443</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10, 24	(243,868)	(104,176)
Payments for intangibles	11	-	(9,962)
Proceeds from sale of property, plant and equipment		<u>1,818</u>	<u>-</u>
<b>Net cash (outflow) from investing activities</b>		<u>(242,050)</u>	<u>(114,138)</u>
<b>Cash flows from financing activities</b>			
Interest received		<u>139,179</u>	102,430
<b>Net cash inflow from financing activities</b>		<u>139,179</u>	<u>102,430</u>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		<u>2,462,639</u>	<u>1,850,904</u>
<b>Cash and cash equivalents at end of year</b>	7	<u>2,536,897</u>	<u>2,462,639</u>
Non-cash financing and investing activities	24		

*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 the financial report is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

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

The financial report of Foodbank NSW Limited also complies 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, as modified by the revaluation of certain classes of property, plant and equipment discussed in note 10.

#### *(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.

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.

### **(b) 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*

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

#### *(iii) Grants*

Grants are recognised on a cash basis.

#### *(iv) Interest income*

Interest is recognised on an accrual basis.

### **(c) Income tax**

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

### **(d) 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.

## 1 Summary of significant accounting policies (continued)

### (e) 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 will not be able to collect all amounts due according to the original terms of the receivables.

### (f) 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 is a 'not-for-profit' entity the purchased inventories held for distribution are carried at cost.

Inventories are carried at \$38,867 (2011: \$45,576) which is the cost Foodbank NSW incurred to acquire the assets as at the reporting date.

Foodbank NSW is unable to sell products donated to it.

### (g) Property, plant and equipment

Foodbank NSW'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 2012, land and buildings were valued at \$2,650,000 (2011: \$2,625,000), resulting in an increase to the revaluation reserve of \$48,125 (2011: \$19,134) as shown in note 10.

Land and buildings are measured at fair value. 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.

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.

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

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 Foodbank NSW's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### (h) 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.

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

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

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

### **(j) Employee benefits**

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

Liabilities for wages and salaries, including 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 employees' 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 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 and annual 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.

### **(k) 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.

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.

### **(l) "In-kind" provision of services to Foodbank NSW Limited**

Foodbank NSW receives "in-kind" services from a number of individuals and organisations. Foodbank NSW 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 20.

### **(m) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. Foodbank NSW 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's activities expose it to market risk and credit risk.

### (a) Market risk

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

Foodbank NSW'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) Summarised sensitivity analysis

	30 June 2012		30 June 2011	
	1% Surplus \$	-1% Deficit \$	1% Surplus \$	-1% Deficit \$
<b>Assets</b>				
Cash and cash equivalents	1,080	(1,080)	1,037	(1,037)
Bank bills and term deposits	<u>23,295</u>	<u>(23,295)</u>	<u>20,559</u>	<u>(20,559)</u>
	<u>24,375</u>	<u>(24,375)</u>	<u>21,596</u>	<u>(21,596)</u>

Carrying values of the assets are as follows:

	2012 \$	2011 \$
Cash and cash equivalents	93,047	157,900
Bank bills and term deposits	<u>2,443,850</u>	<u>2,304,739</u>
	<u>2,536,897</u>	<u>2,462,639</u>

### (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. Foodbank NSW 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 measures credit risk on a fair value basis.

### (c) Fair value estimation

The fair value of financial assets 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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
Service fees	<u><b>1,960,825</b></u>	<u>1,969,548</u>

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

### 4 Cost of supply - purchased stock

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cost of supply - purchased stock	<b>144,710</b>	145,501
Direct purchases inventory write offs	<u><b>2,118</b></u>	<u>2,529</u>
	<u><b>146,828</b></u>	<u>148,030</u>

### 5 Other income

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Donations	<b>119,680</b>	127,963
Government grant (capital) <sup>1</sup>	-	220,000
Government grant (transport subsidy)	<b>246,096</b>	-
Foodbank Australia IT reimbursement <sup>2</sup>	<b>160,000</b>	-
Interest received	<b>138,279</b>	106,326
Sundry income	<u><b>27,661</b></u>	<u>10,898</u>
	<u><b>691,716</b></u>	<u>465,187</u>

<sup>1</sup>Grant issued from the NSW State government for purchase of truck to expand the delivery range of Foodbank NSW's operations.

<sup>2</sup>Foodbank Australia Limited reimbursed Foodbank NSW for initial expenses incurred in prior financial years on the establishment of the company's computer software. This computer software is now being introduced to other 'Foodbanks' around Australia as part of Foodbank Australia's national IT initiative.

## 6 Operating expenses

	2012	2011
	\$	\$
<b>Distribution expenses</b>		
Freight expenses	455,679	19,230
Warehouse expenses	<u>47,343</u>	<u>100,545</u>
	<u>503,022</u>	<u>119,775</u>
<b>Administration expenses</b>		
Amortisation of intangible assets	10,948	10,000
Depreciation of plant and equipment	114,932	75,709
Electricity	62,003	55,798
Employment support costs	16,758	131,429
Foodbank Australia administration fee	65,000	65,000
Insurance	22,316	54,940
Motor vehicle, truck and forklift	112,384	60,643
Printing and stationery	10,153	7,589
Service fees - interstate Foodbank entities	29,738	10,741
Telephone	12,368	8,581
Salaries and wages (includes superannuation \$83,896 (2011: \$53,944))	<u>1,091,650</u>	<u>781,885</u>
	<u>1,548,250</u>	<u>1,262,315</u>
<b>Marketing expenses</b>		
Advertising and marketing	<u>1,305</u>	<u>6,460</u>
<b>Other expenses</b>		
Computer maintenance and support	16,797	15,708
Computer management - Foodbank Australia centralised server	42,140	-
Consultancy fees	46,150	130,956
Contractor expenses	8,511	10,625
Computer systems - Microsoft Great Plains implementation	-	81,746
Repairs and maintenance	44,724	21,240
Others	<u>125,964</u>	<u>32,983</u>
	<u>284,286</u>	<u>293,258</u>
	<u>2,336,863</u>	<u>1,681,808</u>

Foodbank NSW also receives "in-kind" services which are not recorded in the accounting records shown in note 20.

**7 Current assets - Cash assets**

	2012	2011
	\$	\$
Cash on hand	1,100	850
Cash in bank - trading account	91,947	157,050
Cash in bank - ANZ 11 AM Call	318,282	304,739
Cash in bank - NAB term deposits	<u>2,125,568</u>	<u>2,000,000</u>
	<u><b>2,536,897</b></u>	<u><b>2,462,639</b></u>

**(a) Cash in bank**

These are bearing weighted average interest rate of 4.49% (2011: 4.74%).

**(b) Fair value**

The carrying amount for cash assets equals the fair value.

**8 Current assets - Receivables**

	2012	2011
	\$	\$
Service fees receivable	64,652	71,502
Interest receivable	<u>6,335</u>	<u>7,235</u>
	<u><b>70,987</b></u>	<u><b>78,737</b></u>

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. There are no over due 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 and the credit quality of Foodbank NSW's receivables.

**9 Current assets - Other current assets**

	2012	2011
	\$	\$
Inventory of purchased stock	38,867	45,576
GST refundable	28,183	20,731
Prepayments	<u>25,725</u>	<u>18,421</u>
	<u><b>92,775</b></u>	<u><b>84,728</b></u>

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

	Freehold land and buildings \$	Plant and equipment \$	Total \$
<b>At 1 July 2010</b>			
Cost or fair value	2,600,000	611,390	3,211,390
Accumulated depreciation	<u>-</u>	<u>(500,587)</u>	<u>(500,587)</u>
Net book amount	<u>2,600,000</u>	<u>110,803</u>	<u>2,710,803</u>
<b>Year ended 30 June 2011</b>			
Opening net book amount	2,600,000	110,803	2,710,803
Revaluation	19,134	-	19,134
Additions	28,366	88,522	116,888
Depreciation charge	<u>(22,500)</u>	<u>(53,209)</u>	<u>(75,709)</u>
Closing net book amount	<u>2,625,000</u>	<u>146,116</u>	<u>2,771,116</u>
<b>At 30 June 2011</b>			
Cost or fair value	2,625,000	684,311	3,309,311
Accumulated depreciation	<u>-</u>	<u>(538,195)</u>	<u>(538,195)</u>
Net book amount	<u>2,625,000</u>	<u>146,116</u>	<u>2,771,116</u>
<b>Year ended 30 June 2012</b>			
Opening net book amount	2,625,000	146,116	2,771,116
Revaluation	48,125	-	48,125
Additions	-	276,923	276,923
Depreciation charge	<u>(23,125)</u>	<u>(91,807)</u>	<u>(114,932)</u>
Closing net book amount	<u>2,650,000</u>	<u>331,232</u>	<u>2,981,232</u>
<b>At 30 June 2012</b>			
Cost or fair value	2,650,000	960,206	3,610,206
Accumulated depreciation	<u>-</u>	<u>(628,974)</u>	<u>(628,974)</u>
Net book amount	<u>2,650,000</u>	<u>331,232</u>	<u>2,981,232</u>

### Valuations of land and buildings

The fair value of the freehold land and buildings has been assessed by an independent valuer B. Davis, AAPI of M. J. Davis Valuations Pty Limited at \$2,650,000. 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 28 June 2012.

**11 Non-current assets - Intangible assets**

	<b>Computer software</b>
	<b>\$</b>
<b>At 1 July 2010</b>	
Cost	44,633
Accumulated amortisation and impairment	<u>(11,963)</u>
Net book amount	<u>32,670</u>
<b>Year ended 30 June 2011</b>	
Opening net book amount	32,670
Additions	9,962
Amortisation	<u>(10,000)</u>
Closing net book amount	<u>32,632</u>
<b>At 30 June 2011</b>	
Cost	54,595
Accumulated amortisation and impairment	<u>(21,963)</u>
Net book amount	<u>32,632</u>
<b>Year ended 30 June 2012</b>	
Opening net book amount	32,632
Amortisation	<u>(10,947)</u>
Closing net book amount	<u>21,685</u>
<b>At 30 June 2012</b>	
Cost	54,595
Accumulated amortisation and impairment	<u>(32,910)</u>
Net book amount	<u>21,685</u>

**12 Current liabilities - Payables**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Sundry creditors	<u>164,680</u>	<u>130,947</u>

**13 Current liabilities - Provisions**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	<u>71,993</u>	<u>54,931</u>

Foodbank NSW has 16 employees as at 30 June 2012 (2011: 13).

**14 Non-current liabilities - Provisions**

	2012 \$	2011 \$
Employee benefits	<u>19,350</u>	<u>13,396</u>

**15 Reserves and accumulated funds**

	2012 \$	2011 \$
<b>(a) Reserves</b>		
Asset revaluation reserve	<u>1,505,863</u>	<u>1,457,738</u>

	2012 \$	2011 \$
<b>Movements:</b>		
Balance 1 July	1,457,738	1,438,604
Revaluation (note 10)	<u>48,125</u>	<u>19,134</u>
Balance 30 June	<u>1,505,863</u>	<u>1,457,738</u>

**(b) Accumulated funds**

Movements in accumulated funds were as follows:

	2012 \$	2011 \$
Balance 1 July	3,772,840	3,167,943
Surplus for the year	<u>168,850</u>	<u>604,897</u>
Balance 30 June	<u>3,941,690</u>	<u>3,772,840</u>

**(c) Nature and purpose of reserves**

*Asset revaluation reserve*

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

**16 Remuneration of auditors**

Foodbank NSW's auditors did not receive any payment for services rendered during this or the previous financial year.

**17 Contingencies**

Foodbank NSW had no contingent assets or liabilities at 30 June 2012 (2011: \$nil).

## 18 Commitments

### Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2012	2011
	\$	\$
<i>Property, plant and equipment</i>		
Payable:		
Within one year	-	216,409

In 2011, Foodbank NSW entered into contract for purchase of truck to expand the delivery range of Foodbank NSW's operations. This was funded with the government grant in note 5.

## 19 Related party transactions

### (a) Directors

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

Ernest Pope (Appointed 9 February 2006)  
Chris Bertinshaw (Appointed 7 August 2008)  
Phillip Hart (Appointed 9 February 1995)  
Peter Heywood (Appointed 25 August 2005)  
Julie Hunter (Appointed 9 March 2011)  
Peter Kelly (Appointed 13 October 2011)  
Peter Lucas (Appointed 5 July 2003)  
Brendan O'Reilly (Appointed 16 February 2012)  
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 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 Limited paid \$65,000 (2011: \$65,000) to Foodbank Australia Limited.
- (ii) Foodbank Australia Limited reimbursed Foodbank NSW \$160,000 (2011: \$nil) for initial expenses incurred in prior financial years on the establishment of the company's computer software. This computer software is now being introduced to other 'Foodbanks' around Australia as part of Foodbank Australia's national IT initiative.
- (iii) From 1 July 2011, Foodbank Australia Limited began hosting a centralised server as part of the federated approach to computer systems and software. Foodbank NSW paid \$42,140 (2011: \$nil) 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) Directors remuneration

No remuneration was paid or is payable to any of the directors in respect of the financial year ended 30 June 2012 (2011: \$nil).

## 20 "In-kind" provision of services

Foodbank NSW relies upon a network of organisations and individuals to enable it to achieve its objectives, some of which do not charge Foodbank NSW for their services, or part of their services. As detailed in Note 1(l), Foodbank NSW 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 2012 \$</i>	<i>Estimated value 2011 \$</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	Loves Data	<b>9,600</b>	9,950	Printing and stationery
Audit services	KPMG	<b>40,000</b>	40,000	Audit fees
Business process analysis	MicroChannel Services	-	14,000	Consultancy
Food safety consultancy	Marriane Henning	<b>2,000</b>	2,000	Consultancy
Forklift maintenance	Crown Equipment	<b>4,800</b>	4,550	Warehouse expenses
Freight - interstate	Toll Holdings	<b>21,400</b>	20,620	Freight
Freight - intrastate <sup>1</sup>	NSW Department of Family and Community Services	<b>176,148</b>	515,600	Freight
Legal fees	Holman Webb Lawyers	<b>5,495</b>	10,880	Consultancy
Pallet hire	Chep/Loscam	<b>71,212</b>	69,000	Warehouse expenses
Printing	Pegasus Print Group	<b>7,931</b>	-	Printing and stationery
Racking repairs	Dexion	-	7,000	Warehouse expenses
Storage	Woolworths/Swire Cold Storage/Excalibur	<b>39,118</b>	6,700	Warehouse expenses
Waste removal	SITA Environmental Solutions	-	35,340	Waste and dump
Volunteer labour	Individuals	<b><u>480,000</u></b>	<b><u>503,100</u></b>	Salaries and wages
		<b><u>872,704</u></b>	<b><u>1,253,740</u></b>	

<sup>1</sup>In the first quarter of the 2011-12 financial year and the full 2010-11 financial year, the Department of Family and Community Services directly incurred the freight costs of deliveries to certain NSW Charities on behalf of Foodbank NSW. These amounts are disclosed under this "In-kind" provision of services note. Under new funding arrangements commencing from October 2011, the Department paid a transport subsidy directly to Foodbank NSW as shown in Note 5 and Foodbank NSW directly incurred the freight costs as shown in Note 6.

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

Foodbank NSW held no fundraising appeals during the financial years ended 30 June 2012 and 30 June 2011.

## 22 Events occurring after the reporting period

There are no significant events occurring after the reporting period that require disclosure.

**23 Reconciliation of surplus after income tax to net cash inflow from operating activities**

	2012	2011
	\$	\$
Surplus for the year	168,850	604,897
Depreciation and amortisation	125,879	85,709
Donations - non cash	(33,055)	(12,712)
Net gain on disposal of property, plant and equipment	(1,818)	-
Interest received	(138,279)	(106,326)
Change in operating assets and liabilities		
Decrease in current receivables (excluding interest)	6,850	9,668
(Increase) in other current assets	(8,047)	(29,842)
Increase in current payables	33,733	74,041
Increase (decrease) in provisions	<u>23,016</u>	<u>(1,992)</u>
Net cash inflow from operating activities	<u>177,129</u>	<u>623,443</u>

**24 Non-cash investing and financing activities**

	2012	2011
	\$	\$
Acquisition of plant and equipment partly by means of donations	<u>33,055</u>	<u>12,712</u>

In the directors' opinion:

- (a) the financial report and notes set out on pages 7 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that Foodbank NSW will be able to pay its debts as and when they become due and payable; and

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 the directors.



Ernest Pope  
Director

Sydney  
24 October 2012

**Foodbank NSW Limited**  
**Declaration by the directors in respect of fundraising appeals**  
**30 June 2012**

The directors declare that:

- (a) the financial report gives a true and fair view of all income and expenditure of Foodbank NSW Limited with respect to fundraising appeal activities for the financial year ended 30 June 2012;
- (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 2012; and
- (c) the internal controls exercised by Foodbank NSW Limited are appropriate and effective in accounting for all income received and applied by Foodbank NSW Limited from any of its fundraising appeals.

Signed in accordance with a resolution of the directors.

On behalf of the directors



Ernest Pope  
Director

Sydney  
24 October 2012



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

### **Report on the financial report**

We have audited the accompanying financial report of Foodbank NSW Limited (the Company), which comprises the balance sheet as at 30 June 2012, 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 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 entity'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 entity'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 presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view 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 *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

(a) the financial report of Foodbank NSW Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

  
KPMG



Mark Epper  
*Partner*

Sydney

24 October 2012