

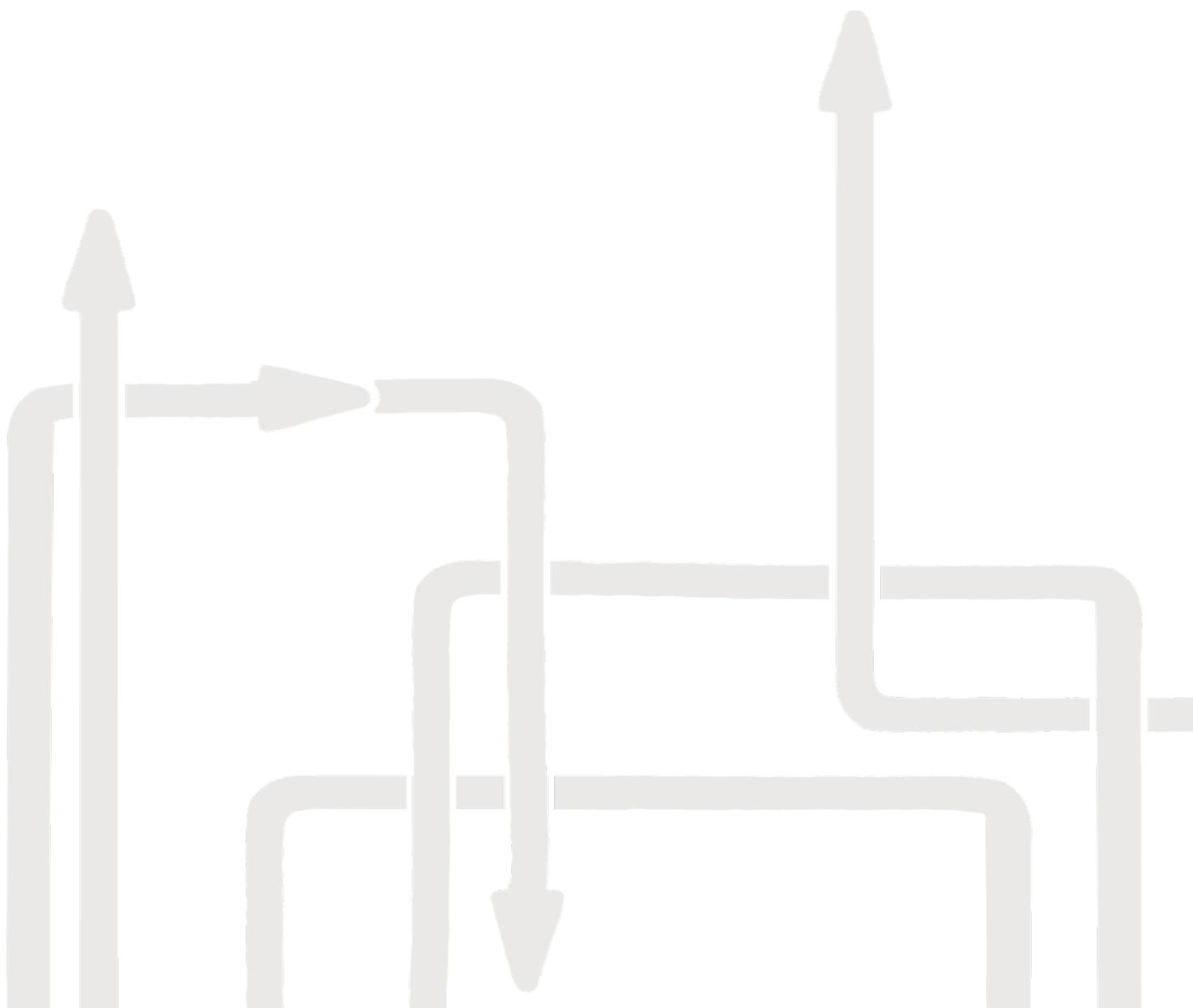


Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial Report

for the year ended 30 June 2015



Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial report - 30 June 2015

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Directors' report

Your directors present the annual financial report of Foodbank NSW & ACT Limited ("Foodbank NSW & ACT") for the year ended 30 June 2015.

Directors

The following persons were Directors of Foodbank NSW & ACT Limited during the financial year up to and including 26 October 2015:

<i>Name</i>	<i>Date Appointed</i>
Ernest Pope (Chairman)	9 February 2006
Madeline Dermatossian	19 November 2014
John Eales ¹	26 February 2014
Malcolm Grimmond	24 August 2015
John Hudson	13 August 2014
Peter Kelly	13 October 2011
Peter Lucas	5 July 2003
Paul Moulds	23 February 2015
Joan O'Shea ²	8 August 2007
Stephen Schofield	9 March 2011
Clive Stiff	22 April 2010
Don Telford	1 September 2002

¹ John Eales was a director from the beginning of the financial year until his resignation on 22 June 2015.

² Joan O'Shea was a director from the beginning of the financial year until her resignation on 24 August 2015.

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 & ACT. 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 and ACT. To achieve this target Foodbank NSW & ACT will draw on the Key Staples Program and National Signatory Donation Program, managed by our sister organisation Foodbank Australia Limited, 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 is building 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 2015 and 2014.

Review of operations

The net surplus of Foodbank NSW & ACT for the year ended 30 June 2015 was \$719,160 (2014: \$4,443,872).

The underlying operating deficit after excluding non-operating items for the year ended 30 June 2015 was \$155,040 (2014: \$208,635 surplus).

Non-operating items include all donations net of direct fundraising expenses \$328,576 (2014: \$1,436,983), all grants excluding the NSW Government transport subsidy \$170,000 (2014: \$2,615,000), gain on sale of assets \$200,000 (2014: \$nil), other sundry income \$27,604 (2014: \$27,092) and interest received \$148,020 (2014: \$156,162).

Significant changes in the state of affairs

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 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. Foodbank NSW & ACT's existing Wetherill Park Distribution Centre was sold on 17 February 2015.

Except as mentioned above, 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

The NSW Government has committed a further \$3,000,000 to fund Foodbank NSW & ACT's new Distribution Centre and the grant was received on 30 July 2015. The grant was paid by the NSW Department of Family and Community Services and will enable the completion of the new Distribution Centre without the need for debt.

With the New Distribution Centre building program well on the way to completion, it is anticipated that the building hand over will occur in October 2015 and be operational in the last quarter of the 2015 calendar year.

Except as mentioned above, no other matter or circumstance has arisen since 30 June 2015 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

The new Distribution Centre in Glendenning will contain a leasable warehouse in excess to current needs that will be used to generate income to help fund Foodbank NSW & ACT's operations. With the building being built to service future needs, it is anticipated that the leasable portion of facility will be leased until the space becomes necessary to handle the expected volume increase.

Foodbank NSW & ACT intends to install roof solar panels for the new Distribution Centre with the aim of offsetting the increased cost of running a much larger chilled and frozen facility.

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 Committee and the Government and 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 and 16 years with Kraft Foods Limited. He was also previously Chairman of Golden Circle Ltd, and a non-executive Director of Amcor, Alesco and Southcorp. Ern is currently also a non-executive Director of Foodbank Australia Limited and a non-executive Chairman at Yumi's Quality Foods Pty Ltd.

Madeline Dermatossian *Director.*

Appointed a director in November 2014. Madeline has over 22 years' experience as a diverse corporate leader in the financial services and property development sectors. She is known for her successful track record of developing business strategy, implementing major business transformation and restructuring programs that reduce operating costs, improve staff engagement and satisfaction and delivering improvements in shareholder returns. Madeline currently oversees Defense Housing Australia's operational business units to ensure co-ordination of business activity across the organisation. Madeline was previously a Non- Executive Director of Landcom, Managing Director of FuturePlus, Head of Legal and Company Secretary at BT Financial Group and Special Counsel at ABN Amro. Madeline is also a Director of CUFA and former Board member of The Wayside Chapel.

Malcolm Grimmond BCom, CPA *Director.*

Appointed a director in August 2015. Mal has worked for Toll Holdings for twenty years in a variety of financial, commercial and operational roles. His current role is Divisional Director, Toll Domestic Forwarding. Mal was previously Toll's Chief Information Officer for three years and spent nine months as acting Chief Financial Officer. Mal was also the Chief Financial Officer for Pacific National.

John Hudson FCA. *Director.*

Appointed a director in August 2014. John is a member of the Audit Committee and the Government and Public Relations Committee of Foodbank NSW & ACT. John has been engaged in both the development and investment in real estate for over 30 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 Australian Industrial REIT, Retirement Villages Group and Tuckerbox (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 the Government and Public Relations Committee of Foodbank NSW & ACT. 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.

Information on Directors (continued)

Peter Lucas BCom, 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.

Paul Moulds AM, BA. *Director.*

Appointed a director in February 2015. Paul has worked for over 20 years as an officer of The Salvation Army, where he holds the rank of Major. For 16 years he worked as Director of the Oasis Youth Support Network in inner Sydney, building a highly regarded and effective youth service for homeless and disadvantaged youth. In 2010 he was made a Member of the Order of Australia (AM) for services to homeless youth. Paul has also directed the social and community work of The Salvation Army for the Australian Eastern Territory and is currently managing Salvation Army programs in the Auburn area of Western Sydney. He is also a Board Member of Igniting Change, and is recognised for his expertise in the design of innovative social programs and his deep understanding of the needs of disadvantaged Australians.

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.

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

Appointed a director in March 2011. Steve is a member of the Remuneration, Government and Public Relations 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 Group Head of Human Resources with Downer Group in February 2015. 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 Government and Public Relations Committee of Foodbank NSW & ACT. Clive is the Chairman and CEO of Unilever Australia and New Zealand, the non-executive Chairman of T2 Tea and Efficient Consumer Response Australasia, and a non-executive director of the Australian Food and Grocery Council. He brings 30 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.

	Attended	Held
Ernest Pope (Chairman)	7	7
Madeline Dermatossian	4	5
John Eales	0	7
John Hudson	7	7
Peter Kelly	6	7
Peter Lucas	5	7
Paul Moulds	3	3
Joan O'Shea	4	7
Stephen Schofield	5	7
Clive Stiff	5	7
Don Telford	5	7

Insurance of officers and auditors

During the financial year, Foodbank Australia Limited on behalf of Foodbank NSW & ACT and the other state Foodbanks paid a premium in respect of a contract insuring the directors of Foodbank NSW & ACT, 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 2015 and 2014 are:

	2015	2014
Primary members	10	9
Agency members	597	491
	607	500

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 7.

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.

A handwritten signature in blue ink, appearing to read 'EP', is positioned above the printed name of Ernest Pope.

Ernest Pope
Director

Sydney
26 October 2015



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 2015 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

26 October 2015

Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial report - 30 June 2015

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This financial report covers Foodbank NSW & ACT 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
50 Owen Street
Glendenning NSW 2761

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 26 October 2015. 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 2015

	Notes	2015 \$	2014 \$
Revenue from continuing operations			
Revenue from service fees	3	3,457,471	3,010,206
Cost of supply - purchased stock items only	4	<u>(918,240)</u>	<u>(550,033)</u>
		<u>2,539,231</u>	<u>2,460,173</u>
Other operating income	5	<u>699,526</u>	<u>661,724</u>
(Less) Other expenses from ordinary activities			
Distribution and warehouse		1,160,704	954,414
Marketing		96,886	57,014
Administration		352,761	307,462
Personnel		1,360,125	1,281,366
Depreciation and amortisation		86,764	110,632
Relocation		150,576	19,184
Other		<u>185,981</u>	<u>183,190</u>
	6	<u>3,393,797</u>	<u>2,913,262</u>
Results from operating activities		<u>(155,040)</u>	<u>208,635</u>
Other income and expenses			
Other income		777,738	4,133,576
Other expenses		<u>(51,558)</u>	<u>(54,501)</u>
	7	<u>726,180</u>	<u>4,079,075</u>
Finance income	8	<u>148,020</u>	<u>156,162</u>
Net surplus		<u>719,160</u>	<u>4,443,872</u>
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Gain/(loss) on revaluation of land and buildings	18(a)	<u>-</u>	<u>322,500</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>322,500</u>
Total comprehensive income for the year		<u>719,160</u>	<u>4,766,372</u>

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 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash assets	9	5,596,974	7,693,718
Receivables	10	86,341	118,646
Other current assets	11	438,380	181,128
Non-current assets held for sale	12	-	2,900,000
Total current assets		<u>6,121,695</u>	<u>10,893,492</u>
Non-current assets			
Property, plant and equipment	13	8,280,264	285,053
Intangible assets	14	4,598	7,911
Total non-current assets		<u>8,284,862</u>	<u>292,964</u>
Total assets		<u>14,406,557</u>	<u>11,186,456</u>
LIABILITIES			
Current liabilities			
Payables	15	2,610,398	149,825
Provisions	16	144,578	113,109
Total current liabilities		<u>2,754,976</u>	<u>262,934</u>
Non-current liabilities			
Provisions	17	32,695	23,796
Total non-current liabilities		<u>32,695</u>	<u>23,796</u>
Total liabilities		<u>2,787,671</u>	<u>286,730</u>
Net assets		<u>11,618,886</u>	<u>10,899,726</u>
EQUITY			
Reserves	18(a)	-	1,802,113
Accumulated surplus	18(b)	11,618,886	9,097,613
Total equity		<u>11,618,886</u>	<u>10,899,726</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 2015

Notes	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2013	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	322,500	-	322,500
Total comprehensive income for the year	322,500	4,443,872	4,766,372
Balance at 30 June 2014	1,802,113	9,097,613	10,899,726
Balance at 1 July 2014	1,802,113	9,097,613	10,899,726
Surplus from continuing operations for the year	-	719,160	719,160
Transfers from reserves to retained earnings	(1,802,113)	1,802,113	-
Total comprehensive income for the year	(1,802,113)	2,521,273	719,160
Balance at 30 June 2015	-	11,618,886	11,618,886

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 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from agencies, donations and grants		4,775,993	7,780,221
Payments to suppliers and employees		<u>(1,999,319)</u>	<u>(3,426,322)</u>
Net cash inflow from operating activities	26	<u>2,776,674</u>	<u>4,353,899</u>
Cash flows from investing activities			
Payments for property, plant and equipment	13	(8,112,485)	(104,888)
Payments for intangibles	14	-	(5,250)
Payments for option contracts		-	(42,500)
Proceeds from sale of property, plant and equipment		<u>3,100,000</u>	-
Net cash (outflow) from investing activities		<u>(5,012,485)</u>	<u>(152,638)</u>
Cash flows from financing activities			
Interest received		<u>139,067</u>	169,346
Net cash inflow from financing activities		<u>139,067</u>	<u>169,346</u>
Net (decrease) increase in cash and cash equivalents		(2,096,744)	4,370,607
Cash and cash equivalents at the beginning of the financial year		<u>7,693,718</u>	<u>3,323,111</u>
Cash and cash equivalents at end of year	9	<u>5,596,974</u>	<u>7,693,718</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 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 13.

(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.

(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 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, whilst donated goods are not revalued.

Inventories are carried at the cost Foodbank NSW & ACT incurred to acquire the assets as at the reporting date.

(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 13. The associated land and building at Wetherill Park was subsequently sold on 17 February 2015.

(i) Property, plant and equipment

Foodbank NSW & ACT's accounting policy is to carry land and buildings at cost on acquisition and then subsequently under a revaluation model, being fair value at the date of revaluation less accumulated depreciation. Foodbank NSW & ACT acquired a block of land (*Lot 2 & 2 Owen Street, Glendenning*) on 3 October 2014. As at 30 June 2015, land is carried at \$4,308,840 being the purchase price \$4,250,000 and other directly attributable costs associated with the land purchase.

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.

1 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

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

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 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.

1 Summary of significant accounting policies (continued)

(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.

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 23.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 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	
	2015 \$	2014 \$	2015 \$	2014 \$
Cash and cash equivalents	6,932	12,428	(6,932)	(12,428)
Bank bills and term deposits	51,670	43,180	(51,670)	(43,180)
Effect on surplus	58,602	55,608	(58,602)	(55,608)

Carrying values of the assets are as follows:

	2015 \$	2014 \$
Cash and cash equivalents	202,184	477,160
Bank bills and term deposits	5,394,790	7,216,558
	5,596,974	7,693,718

2 Financial risk management (continued)

(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

	2015 \$	2014 \$
From continuing operations		
Revenue from service fees	<u>3,457,471</u>	<u>3,010,206</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

	2015 \$	2014 \$
Cost of supply - purchased stock	909,215	542,967
Direct purchases inventory write offs	<u>9,025</u>	<u>7,066</u>
	918,240	550,033

5 Other operating income

	2015 \$	2014 \$
NSW Government: Transport Subsidy	432,378	422,244
Freight recovery fees	<u>267,148</u>	<u>239,480</u>
	<u>699,526</u>	<u>661,724</u>

6 Operating expenses

	2015 \$	2014 \$
<i>Distribution and warehouse expenses</i>		
Contract packaging and processing	33,295	-
Contractor expenses	60,015	19,089
Electricity	55,140	64,572
Freight expenses	677,774	589,905
Motor vehicle, truck and forklift	110,548	117,283
Repairs and maintenance	41,712	21,557
Service fees - interstate Foodbank entities	28,059	27,287
Storage - external	83,880	37,064
Waste removal	17,397	21,062
Warehouse expenses	52,884	56,595
	<u>1,160,704</u>	<u>954,414</u>
<i>Marketing expenses</i>		
Advertising and marketing	96,886	57,014
<i>Administration expenses</i>		
Computer maintenance and support	17,372	15,468
Computer management - Foodbank Australia centralised server	79,216	79,212
Employment support costs	-	1,767
Foodbank Australia administration fee	200,665	154,980
Insurance	22,130	19,812
Legal fees	6,601	8,480
Printing and stationery	5,451	7,397
Telephone	21,326	20,346
	<u>352,761</u>	<u>307,462</u>
<i>Personnel expenses</i>		
Salaries and wages - includes superannuation \$107,468 (2014: \$101,327)	1,360,125	1,281,366
<i>Depreciation and Amortisation</i>		
Amortisation of intangible assets	3,313	8,106
Depreciation of plant and equipment	83,451	102,526
	<u>86,764</u>	<u>110,632</u>
<i>Relocation expenses</i>		
Consultancy fees: New Distribution Centre	23,534	19,184
Loss on asset disposals	33,823	-
Rent	93,219	-
	<u>150,576</u>	<u>19,184</u>
<i>Other expenses</i>		
Bad debts	-	723
Cleaning	12,170	11,035
Consultancy fees	89,341	101,844
Membership fees	14,067	12,863
Training and development	2,323	7,240
Travel and accommodation	13,343	19,606
Others	54,737	29,879
	<u>185,981</u>	<u>183,190</u>
	<u>3,393,797</u>	<u>2,913,262</u>

Foodbank NSW & ACT also receives "in-kind" services which are not recorded in the accounting records shown in note 23.

7 Other income and expenses

	2015 \$	2014 \$
<i>Other Income</i>		
<i>Fundraising Income:</i>		
- General donations	222,548	1,285,987
- Fundraising: campaigns	64,457	42,316
- Fundraising: dinners	84,510	130,665
- Fundraising: events/concerts	8,619	32,516
- Other non-government grants	170,000	415,000
<i>Government Grants: New Distribution Centre</i>		
- NSW Government	-	2,000,000
- ACT Government	-	200,000
Gain on sale of assets	200,000	-
Sundry income	27,604	27,092
	777,738	4,133,576
<i>Other Expenses</i>		
Fundraising expenses	(51,558)	(54,501)
	726,180	4,079,075

8 Finance income

	2015 \$	2014 \$
Interest received	148,020	156,162
	148,020	156,162

9 Current assets - Cash assets

	2015 \$	2014 \$
Cash on hand	1,500	1,500
Cash in bank - trading account	194,578	473,282
Cash in bank - PayPal	6,106	2,378
Cash in bank - ANZ 11 AM Call	2,686,210	4,583,115
Cash in bank - NAB term deposits	2,708,580	2,633,443
	5,596,974	7,693,718

(a) Cash in bank

These are bearing weighted average interest rate of 2.59% (2014: 2.88%).

(b) Fair value

The carrying amount for cash assets equals the fair value.

10 Current assets - Receivables

	2015 \$	2014 \$
Service fees receivable	69,403	110,661
Interest receivable	16,938	7,985
	<u>86,341</u>	<u>118,646</u>

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:

	2015 \$	2014 \$
Not past due	46,906	55,730
Past due 1 - 7 days	18,144	32,535
Past due over 7 days	4,353	22,396
	<u>69,403</u>	<u>110,661</u>

11 Current assets - Other current assets

	2015 \$	2014 \$
Call option for land purchase ¹	-	42,500
Inventory of purchased stock	209,587	108,444
GST refundable	188,970	5,392
Prepayments	24,823	24,792
Other assets	15,000	-
	<u>438,380</u>	<u>181,128</u>

¹ 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. The option was exercised on 22 August 2014.

12 Current assets - Non-current assets held for sale

	2015 \$	2014 \$
Non-current assets held for sale	-	<u>2,900,000</u>

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 13. The associated Wetherill Park Distribution Centre was sold on 17 February 2015.

13 Non-current assets - Property, plant and equipment

	Freehold land and buildings \$	Plant and equipment \$	Captial work in progress \$	Total \$
At 1 July 2013				
Cost or fair value	2,600,000	965,209	-	3,565,209
Accumulated depreciation	-	(704,767)	-	(704,767)
Net book amount	<u>2,600,000</u>	<u>260,442</u>	<u>-</u>	<u>2,860,442</u>
Year ended 30 June 2014				
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 ¹	-	(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	<u>-</u>	<u>205,693</u>	<u>79,360</u>	<u>285,053</u>
At 30 June 2014				
Cost or fair value	-	979,073	79,360	1,058,433
Accumulated depreciation	-	(773,380)	-	(773,380)
Net book amount	<u>-</u>	<u>205,693</u>	<u>79,360</u>	<u>285,053</u>
Year ended 30 June 2015				
Opening net book amount	-	205,693	79,360	285,053
Additions	4,275,180	175,111	3,662,194	8,112,485
Transfers from capital work in progress to freehold land and buildings	33,660	-	(33,660)	-
Disposals ²	-	(33,823)	-	(33,823)
Depreciation charge	-	(83,451)	-	(83,451)
Closing net book amount	<u>4,308,840</u>	<u>263,530</u>	<u>3,707,894</u>	<u>8,280,264</u>
At 30 June 2015				
Cost	4,308,840	838,566	3,707,894	8,855,300
Accumulated depreciation	-	(575,036)	-	(575,036)
Net book amount	<u>4,308,840</u>	<u>263,530</u>	<u>3,707,894</u>	<u>8,280,264</u>

¹ Does not include fully written down plant and equipment disposals of \$11,413.

² Does not include fully written down plant and equipment disposals of \$281,795.

Valuations of land and buildings

Foodbank NSW & ACT acquired a block of land (*Lot 2 & 2 Owen Street, Glendenning*) on 3 October 2014. As at 30 June 2015, land is carried at \$4,308,840 being the purchase price \$4,250,000 and other directly attributable costs associated with the land purchase.

At 30 June 2014, the fair value of the freehold land and buildings was determined by market based evidence derived from 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. The associated freehold land and building was subsequently transferred to non-current assets held for sale.

Capital work in progress

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

14 Non-current assets - Intangible assets

	Software \$
At 1 July 2013	
Cost	54,595
Accumulation amortisation and impairment	<u>(43,828)</u>
Net book amount	<u>10,767</u>
Year ended 30 June 2014	
Opening net book amount	10,767
Additions	5,250
Disposals ¹	-
Amortisation charge	<u>(8,106)</u>
Closing net book amount	<u>7,911</u>
At 30 June 2014	
Cost	20,135
Accumulation amortisation and impairment	<u>(12,224)</u>
Net book amount	<u>7,911</u>
Year ended 30 June 2015	
Opening net book amount	7,911
Additions	-
Disposals ²	-
Amortisation charge	<u>(3,313)</u>
Closing net book amount	<u>4,598</u>
At 30 June 2015	
Cost	15,212
Accumulated amortisation	<u>(10,614)</u>
Net book amount	<u>4,598</u>

¹ Does not include fully written down software disposals of \$39,710.

² Does not include fully written down software disposals of \$4,923.

15 Current liabilities - Payables

	2015 \$	2014 \$
Creditors	108,010	113,940
Creditors: New Distribution Centre	1,535,326	-
PAYG withholding payable	13,646	15,033
Accrued expenses	5,678	9,248
Superannuation payable	8,720	11,604
Grants received in advance	592,963	-
Retentions payable ¹	<u>346,055</u>	-
	<u>2,610,398</u>	<u>149,825</u>

¹ Cash retentions under building contract held until successful completion of building.

16 Current liabilities - Provisions

	2015 \$	2014 \$
Employee benefits	<u>144,578</u>	<u>113,109</u>

Foodbank NSW & ACT has 19 employees (16.5 full time equivalents) as at 30 June 2015 (2014: 19 (16.9 full time equivalents)).

17 Non-current liabilities - Provisions

	2015 \$	2014 \$
Employee benefits	<u>32,695</u>	<u>23,796</u>

18 Reserves and accumulated funds

(a) Reserves

	2015 \$	2014 \$
Asset revaluation reserve	-	<u>1,802,113</u>
	2015 \$	2014 \$

Movements:

Asset revaluation reserve

Opening balance	1,802,113	1,479,613
Revaluation increment - (note 13)	-	322,500
Transfers into accumulated funds	<u>(1,802,113)</u>	-
Balance 30 June	<u>-</u>	<u>1,802,113</u>

(b) Accumulated funds

Movements in accumulated funds were as follows:

	2015 \$	2014 \$
Balance 1 July	9,097,613	4,653,741
Surplus for the year	719,160	4,443,872
Transfers from reserves	<u>1,802,113</u>	-
Balance 30 June	<u>11,618,886</u>	<u>9,097,613</u>

(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. As Foodbank NSW & ACT Wetherill Park's Distribution Centre was sold in February 2015, all amounts in the asset revaluation reserve associated with the Wetherill Park DC were transferred directly into accumulated funds.

19 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.

20 Contingencies

Foodbank NSW & ACT had no contingent assets or liabilities at 30 June 2015 (2014: \$nil).

21 Commitments

Capital commitments

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

	2015	2014
	\$	\$
Property, plant and equipment		
Payable: Within one year	5,910,914	-

Capital commitments relate to the total outstanding in Foodbank NSW & ACT's building contract with CIP Constructions (NSW) Pty Ltd to complete the new Distribution Centre in Glendenning.

Total cost to build the new distribution centre will be approximately \$10,310,000.

22 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)
Madeline Dermatossian	(Appointed 19 November 2014)
John Eales	(Ceased 22 June 2015)
John Hudson	(Appointed 13 August 2014)
Peter Kelly	(Appointed 13 October 2011)
Peter Lucas	(Appointed 5 July 2003)
Paul Moulds	(Appointed 23 February 2015)
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 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 paid \$200,665 (2014: \$154,980) to Foodbank Australia Limited.
- (ii) Foodbank Australia Limited hosts a centralised server as part of the federated approach to computer systems and software. Foodbank NSW & ACT paid \$79,216 (2014: \$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.
- (iii) Foodbank NSW & ACT provides Foodbank Australia Limited funds to purchase additional key staple food under the Key Staple Program (KSP). In 2015, Foodbank NSW & ACT paid \$302,579 (2014: \$nil) to Foodbank Australia to acquire tea bags, pasta sauce, baked beans and long life milk.

(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 \$2,984 (2014: \$930) to Pegasus Print Group.

22 Related party transactions (continued)

(d) Directors remuneration

No remuneration was paid or is payable to any of the directors in respect of the financial year ended 30 June 2015 (2014: \$nil).

23 '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(n), 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 2015 \$</i>	<i>Estimated value 2014 \$</i>	<i>If paid, would be an addition to the following expenses (refer Note 6)</i>
Accounting and taxation services	PwC	5,000	15,000	Other expenses
Annual report design	Alan Lippert	1,320	1,200	Printing and stationery
Audit services	KPMG	40,000	40,000	Audit fees
Food safety consultancy	Marrienne Henning	200	200	Consultancy
Forklift maintenance	Crown Equipment	4,800	4,800	Warehouse expenses
Freight - intrastate	Toll Holdings	22,000	22,000	Freight
Legal fees	Holman Webb Lawyers	8,000	6,000	Legal fees
Pallet hire	Chep/Loscam	176,000	99,000	Warehouse expenses
Printing	Pegasus Print Group	13,300	10,300	Printing and stationery
Racking repairs	Dexion	-	500	Repairs and maintenance
Storage	Swire Cold Storage/ Woolworths (2014 only)	14,400	23,000	Storage - offsite
Volunteers	Individuals	900,000	750,000	Salaries, wages and fees
		<u>1,185,020</u>	<u>972,000</u>	

24 Additional information to be furnished under the Charitable Fundraising Act 1991

Throughout the financial year ending 30 June 2015, Foodbank NSW & ACT conducted various appeals aimed to raise funds to support food programs such as the *Big Breakfast* and the *Christmas Pudding Appeal*. Funds received from these appeals have been applied to the purchase of food to support these programs.

In addition, on 6 September 2014, Foodbank NSW & ACT held a 22nd Birthday Fundraising Dinner to raise funds for the purchase of Foodbank NSW & ACT's new Distribution Centre.

In October 2014, Foodbank NSW & ACT hosted a fundraising Big Breakfast in Martin Place aimed to highlight the growing demand for breakfast staples. All funds raised from the event were used to purchase breakfast foods to support Foodbank NSW & ACT's school breakfast programs.

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. Surplus funds from fundraising appeals as at 30 June 2014, was applied to the purchase and development of Foodbank NSW & ACT's new Distribution Centre in 2014-2015.

	2015 \$	2014 \$
(1) Gross proceeds from fundraising appeals	550,134	1,906,484
(Less) Direct fundraising costs	<u>(51,558)</u>	<u>(54,501)</u>
Net surplus from fundraising appeals	<u>498,576</u>	<u>1,851,983</u>
 (2) These were applied to the following charitable purpose*:		
Purchase of food for distribution	51,287	633,401
New Distribution Centre (design and development costs)	<u>447,289</u>	<u>79,360</u>
Total expenditure on direct services	<u>498,576</u>	<u>712,761</u>
 Surplus from fundraising appeals	 <u>-</u>	 <u>1,139,222</u>

While the *Charitable Fundraising Act 1991* primarily focuses on cash fundraising, given the nature of its business Foodbank NSW & ACT also undertakes extensive efforts to achieve food donations. The volume of food that was received by the company are:

	2015 Kilograms	2014 Kilograms
Food from National Signatory Donors	3,379,000	2,875,000
Food from State Donors	865,000	615,000
Food from Key Staples Program	<u>3,379,000</u>	<u>2,875,000</u>
	<u>7,623,000</u>	<u>6,365,000</u>

25 Events occurring after the reporting period

The NSW Government has committed a further \$3,000,000 to fund Foodbank NSW & ACT's new Distribution Centre and the grant was received on 30 July 2015. The grant was paid by the NSW Department of Family and Community Services and will enable the completion of the new Distribution Centre without the need for debt.

With the New Distribution Centre building program well on the way to completion, it is anticipated that the building hand over will occur in October 2015 and be operational in the last quarter of the 2015 calendar year.

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

	2015 \$	2014 \$
Surplus for the year	719,160	4,443,872
Depreciation and amortisation	86,764	110,632
Net (gain) loss on disposal of property, plant and equipment	(166,177)	251
Interest received	(148,020)	(156,162)
Change in operating assets and liabilities:		
Decrease (increase) in current receivables (excluding interest)	41,258	(25,284)
(Increase) in other current assets	(257,252)	(50,357)
Increase in current payables	2,460,573	1,420
Increase in provisions	40,368	29,527
Net cash inflow from operating activities ¹	<u>2,776,674</u>	<u>4,353,899</u>

¹ 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 8 to 28 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 2015 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.



Ernest Pope
Director

Sydney
26 October 2015

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 2015;
- (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 2015; 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



Ernest Pope
Director

Sydney
26 October 2015



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 2015, 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 26 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, the financial report of Foodbank NSW & ACT Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- (a) the financial report gives a true and fair view of the Foodbank NSW & ACT Limited financial result of fundraising appeal activities for the financial year ended 30 June 2015;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2014 to 30 June 2015, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2014 to 30 June 2015 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (d) there are reasonable grounds to believe that Foodbank NSW & ACT Limited will be able to pay its debts as and when they fall due

KPMG

Trent Duvall
Partner

Sydney

26 October 2015