

**Australian Indigenous Minority Supplier Office
Limited (trading as "Supply Nation")**

ABN 50 134 720 362

General Purpose Tier 2 Financial Report
(Reduced Disclosure Requirements)

30 June 2015

Australian Indigenous Minority Supplier Office Limited

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Australian Indigenous Minority Supplier Office Limited

Directors' report

For the year ended 30 June 2015

The Directors present their report together with the financial report of Australian Indigenous Minority Supplier Office Limited (the Company) for the financial year ended 30 June 2015 and the auditor's report thereon.

1 Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and responsibilities Qualifications, experience and other directorships

Leah Armstrong
Chair, Board of Directors
Appointed 25 March 2015

Leah, a Torres Strait Islander, has over 20 year's business and not for profit experience. Leah has a strong demonstrated track record in achieving organisational results, creation and maintenance of strong networks and stakeholder relationships by working collaboratively with governments, community and the private sector. As the CEO of Reconciliation Australia from 2010-2014, Leah led Reconciliation Australia into becoming a professional, trusted and innovative organisation. Leah was a co-founder of Yarnteen Ltd (1992-2009) — a successful Indigenous enterprise operating several commercial ventures including bulk warehousing, a car wash, a building company and a property portfolio. In 2009, The Australian Financial Review Boss Magazine recognised Leah as a "True Leader" and in 2012 Leah was recognised in the inaugural 2012 Australian Financial Review/Westpac 100 Influential Women Awards. Leah is a member of the Prime Minister's Indigenous Advisory Council, a Board Member of Career Trackers, a Fellow of the University of Sydney Senate and is Chair of The Smith Family Indigenous Advisory Group. She also held previous Board positions with Indigenous Business Australia and was the Chair of the Indigenous Business Policy Advisory Group. In 2010, Leah hiked the Kokoda Track as a mentor with the Jobs Australia Foundation Indigenous Youth Leadership Program

Gavin Bell
Director

Appointed as director on 30 May 2012. Gavin retired as Chief Executive Officer/Managing Partner of Herbert Smith Freehills on 30 April 2014. Gavin joined Freehills in 1982 and had been a partner since 1988. He worked in various areas within the firm, including its litigation, construction and projects groups. Gavin completed his law degree at the University of Sydney and graduated in 1982. He undertook a Master of Business Administration (Executive) degree at the Australian Graduate School of Management and graduated in 1995 winning the Directors' Prize. He is currently a member of the UNSW School of Business Advisory Council.

Roger Allen
Director

Roger Allen has had three careers...as an entrepreneur, Venture Capitalist and philanthropist. His career began from a small Melbourne suburb where he built the Computer Power Group into a substantial global IT business employing over 3000 people with revenues in today's dollars of over \$1 billion. Subsequently he co-founded Allen & Buckeridge Pty Ltd, a Venture Capital company which provided over \$300m of much needed capital to over 50 early stage companies, of which 20 derived directly from University research and development. Roger's main focus in philanthropy is applying Venture Capital principles to social enterprises with the objective of helping social entrepreneurs create sustainable businesses with a social dividend. He has established and funded Indigenous Capital Limited to provide early stage Venture Capital and expertise to indigenous business as well as investing in two businesses helping indigenous communities create sustainable economic activity.

Australian Indigenous Minority Supplier Office Limited

Directors' report (continued)

For the year ended 30 June 2015

1 Directors (continued)

Name and responsibilities

Qualifications, experience and other directorship

George Mifsud
Director
Chair, Audit & Risk Committee

Appointed as a Director on 24 October 2012. Over the last 25 years George Mifsud has held senior Human Resources Executive roles covering national and international perspectives. George was an Executive Director - Human Resources and Risk for Compass Group and for HR/IR; Risk Management; Health, Safety, Environment and Quality; and Media Relations. George joined Compass Group in 1999 having previously worked in the contracting services and manufacturing industries originally as an electrical engineer before moving into Human Resources. Under Mr Mifsud's leadership, Compass Group achieved a number of milestones in its pursuit to promote Indigenous economic development with a particular focus on employment outcomes which has been recognised with the following awards: Inaugural recipient of the Prime Minister's Corporate Leaders for Indigenous Employment Award; judged one of the 'Top Ten Best Employers in Australia'; winner of the 'Prime Minister's Employer of the Year' award ; the IFAP Safe Way Gold Award and in 2010, the environmental Golden Gecko award in 2013, a three times winner of the Savour Australia Green Table award and the George Muir Professional development award for working with Aboriginal and Torres Strait Islander People in the Hospitality sector and the Australian Mines and Metals Association (AMMA) "Industry Innovation" Award in recognition of the pioneering role in implementing Indigenous joint venture and employment strategies. Over the last ten years George has held various non-executive director positions and currently sits on the following boards; Restaurant and Catering Australia, Sydney Montessori School and is on the advisory committees of both the KIDS Foundation and the Indigenous Professional Development Fund.

Michael McLeod
Director

Michael McLeod is CEO and a founding Director of Message Stick. Michael took up his position in January 2004. Michael is a Ngarrindjeri Monaro man from Southern NSW. His journey to this new role in corporate Australia is not the typical route of Australia's senior businesspeople. In 1962, at 12 years of age, Michael was removed from his mother and family. He was not to know his father. He did not see his mother again until Michael was 18, when they first met at his father's funeral in 1979. In his early thirties, Michael overcame serious drug and alcohol addictions that almost claimed his life. Michael then spent time in assisting the rehabilitation of others. During this period he accepted a position with the Illawarra Area Health Service as an Aboriginal Health Officer, providing programs and workshops to Aboriginal communities from Helensburgh to Ulladulla. Along with Dug Russell he was instrumental in founding Supply Nation, Australia's first ever minority supplier development council. His future is aimed at advocating the need for Australian society (particularly the private sector and our Governments) to embrace, and support, the challenge Indigenous people face when his people begin the journey towards economic independence. He is currently the chairperson of Career Trackers.

Adam Goodes
Director

Mr Goodes is a prominent Indigenous Australian of Adnyamathanha and Narungga descent on his mother's side, as well as English, Irish and Scottish ancestry through his father. Mr Goodes was an Indigenous AFL player and is widely recognised for his involvement and association with various Indigenous sport and community programs. Adam is a vocal advocate of Indigenous advancement and equality, both on and off the sporting field.

Australian Indigenous Minority Supplier Office Limited

Directors' report (continued)

For the year ended 30 June 2015

1 Directors (continued)

Name and responsibilities

Qualifications, experience and other directorship

Stephen Roberts
Director, Chairman
Chair, Nominations Committee
Resigned 25 March 2015

Appointed as director on 21 May 2009. Holds a Bachelor of Economics degree from Australian National University. Chief Executive Officer, Citi Institutional Clients Group, Australia/New Zealand and Citi Chief Country Officer Australia. Adjunct Professor of Finance at the University of Sydney and member of the Board of Advice to the Faculty of Economics and Finance and the United States Study Centre. He is Deputy Chairman of the Australian Bankers Association, and Deputy Chairman of the Australian Financial Markets Association. He sits on the board of the Australian American Association and is Citi's representative on the Business Council of Australia. He also sits on the board of the Ponting Foundation and the Bradman Foundation and Member of the Advisory Board of the Indigenous education body, Dare to Lead.

Laura Berry
Director
Resigned 6 May 2015

Laura was appointed CEO of Supply Nation in May 2015, having been involved with the organisation since its inception through her work with two founding member companies, Leighton Holdings and Qantas Airways.

Laura has two decades of experience in stakeholder management, risk mitigation and reputation management with a career that has spanned the private and public sectors, including Federal and State Politics, Public Affairs and roles with top ASX Listed companies.

Laura joined Supply Nation following four years at Qantas where she led the Qantas Group's Corporate Community Investment Program encompassing the Qantas Reconciliation Program, Qantas Foundation, Indigenous and Community Partnerships, Workplace Giving, National Arts Sponsorships and the Qantas Brand Ambassadors Program.

Laura is currently the Chairperson of CareerTrackers Indigenous Internship Program, a Director of Indigenous Business Australia's Indigenous Tourism Asset Management Division, and a former director of Supply Nation and Engineering Aid Australia. Laura holds a Graduate Certificate in Management from the University of Technology, Sydney and is also a member of the Australian Institute of Company Directors.

Shane Jacobs
Director
Resigned 22 June 2015

Shane is from the Wiradjuri people with his family name dating back over 300 years in the Condobolin Region. He has had a 25 year career in the construction & mining industry providing services & contracting to most of the tier 1 asset companies. He is the managing Director of the PSG Group of Companies comprising of PSG Services, Pacific Cleaning, PPS Security, PSG People, Dynamic Rescores Australia & Stillsons Plumbing. In 2011 he Founded "P.A.C.P" Pacific Awareness Community Program. This involves Indigenous school based apprenticeships, building trade groups, indigenous drug & alcohol reform, NCIE, YMCA, PCYC, AFRL, SSJRL, CJRL, RJRU & University pathways to construction management. Shane is currently on the Board of NSW Indigenous Chamber of Commerce. He completed A Master Plumbers Licence in 1992, Masters Security licence NSW 2009 – QLD 2010 – WA 2012, Holds building licences in NSW & QLD. Shane has installed a belief in all staff at PSG that every Australian has an equal opportunity to achieve their goals & dreams. Before entering the work force he played grade for Easts RL 1989 , 1988 NSW schoolboys Rugby League, 1988 NSW schoolboys Rugby union & 1990 was member of the La Perouse winning NSW Koori Rugby League knock out. Over the last 20 years Shane has invested hundreds of hours helping develop talented young indigenous sports men and woman reach their goals.

Australian Indigenous Minority Supplier Office Limited

Directors' report (continued)

For the year ended 30 June 2015

1 Directors (continued)

Name and responsibilities Qualifications, experience and other directorship

Elizabeth Broderick

Director

Member, Nominations Committee

Resigned 30 June 2015

Appointed as director on 11 August 2011. Elizabeth Broderick is Australia's Federal Sex Discrimination Commissioner. She has overall responsibility for advancing gender equality in Australia. Commissioner Broderick has been a key advocate for Australia's first national paid parental leave scheme, increasing women's workforce participation and recognition of domestic violence as a workplace issue. She has promoted changes to the Australian Stock Exchange Corporate Governance regime requiring all publicly listed companies to set targets for women at board and senior executive level. She has brought together Australia's senior male leaders from business, government and the military to form the Male Champions of Change Group. Elizabeth is currently leading the Review into the Treatment of Women in the Australian Defence Force. Member of the World Bank's Advisory Council on Gender and Development, member of the University of Technology Sydney (UTS) Advisory Board and the Vic Health Advisory Board. She is married with two teenage children.

2 Director's meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board meetings		Audit & Risk Committee meetings		Nominations Committee meetings	
	Attend	Entitled	Attend	Entitled	Attend	Entitled
Leah Armstrong	5	5	6	6	2	2
Stephen Roberts	7	7	-	-	-	-
Gavin Bell	10	10	-	-	2	2
Elizabeth Broderick	8	10	-	-	1	2
George Mifsud	10	10	8	8	2	2
Laura Berry	9	9	6	6	-	-
Shane Jacobs	9	10	-	-	-	-
Michael McLeod	9	10	-	-	-	-
Roger Allen	8	10	-	-	-	-
Adam Goodes	6	10	-	-	-	-

3 Membership liability

The Company is a public company limited by guarantee. The extent of the liability of any member under the guarantee is a sum not exceeding \$10. The total liability of all members is \$90, should the Company be wound up.

Australian Indigenous Minority Supplier Office Limited

Directors' report (continued)

For the year ended 30 June 2015

4 Principal activities, objectives and strategies

The Company is primarily involved in facilitating the integration of Indigenous businesses into the supply chain of private sector corporations and government institutions to promote income, wealth, self sustainability and economic independence for Australia's Indigenous people.

There were no significant changes in the nature of the activities of the Company during the year.

Short-term objectives and strategies

- Raising awareness of supplier diversity in Australia and in particular the opportunities that exist in contracting with Indigenous suppliers
- Recruiting members (i.e. buying institutions) to pilot supplier diversity within their companies
- Build a database of Indigenous suppliers who have been registered or certified by Supply Nation as majority Indigenous owned, controlled and managed
- Educate members and suppliers as to the strategies and initiatives that make successful supply relationships in the supplier diversity context

Long-term objectives and strategies

- AIMSC contributes to the growth of a prosperous, vibrant and sustainable Indigenous enterprise sector
- This will be achieved by integrating Indigenous owned, controlled and managed business into the supply chains of Australia's largest companies and government agencies
- To achieve this AIMSC will support its members and certified suppliers to build commercial relationships

5 Review of operations and performance

The surplus after tax of the Company for the year ended 30 June 2015 was \$1,481,615 (2014: surplus \$777,210).

Measures of performance

- Value of contracts signed
- Value of goods and services purchased
- Number of members
- Number of certified suppliers
- Number of registered suppliers

6 Subsequent events

Subsequent to year end, the Company executed a new funding agreement with the Department of Prime Minister & Cabinet. The agreement is for \$1.3 million of funding over the project period, ending in September 2016.

7 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the financial year ended 30 June 2015.

This report is made in accordance with a resolution of the Directors:

Leah Armstrong
Director

Dated at Sydney this 28th day of January 2016

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 Australian Indigenous Minority Supplier Office 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

Cameron Roan
Partner

Sydney
28 January 2016

Australian Indigenous Minority Supplier Office Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

<i>In AUD</i>	Note	2015	2014
Revenue			
Government grants		3,196,061	2,157,401
Event income		678,753	508,658
Membership income		1,138,666	823,344
Other income	4	144,994	238,947
Revenue and other income		<u>5,158,474</u>	<u>3,728,350</u>
Personnel expenses	5	(1,544,635)	(1,520,230)
Equipment expenses		(26,796)	(19,460)
Event management expenses		(764,245)	(696,178)
Marketing expenses		(100,508)	(171,297)
Travel expenses		(127,514)	(97,786)
Depreciation expense		(31,304)	(20,504)
Administration expenses		(47,714)	(83,962)
Accounting and audit fees		(82,225)	(76,660)
Other professional fees		(412,589)	(104,167)
Information technology costs		(489,529)	(86,660)
Program delivery expense		(49,800)	(74,236)
Expenses		<u>(3,676,859)</u>	<u>(2,951,140)</u>
Surplus before income tax		<u>1,481,615</u>	<u>777,210</u>
Income tax expense	3(h)	-	-
Surplus for the year		<u>1,481,615</u>	<u>777,210</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,481,615</u>	<u>777,210</u>

The notes on pages 12 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Statement of financial position

As at 30 June 2015

In AUD

	Note	2015	2014
Assets			
Cash and cash equivalents	6(a)	2,055,296	982,565
Prepayments		28,986	26,115
Other receivables	7	509,229	21,759
Government grant receivable		657,400	225,808
Total current assets		<u>3,250,911</u>	<u>1,256,247</u>
Property, plant and equipment	8	48,224	61,706
Intangible assets	9	-	50,045
Total non-current assets		<u>48,224</u>	<u>111,751</u>
Total assets		<u>3,299,135</u>	<u>1,367,998</u>
Liabilities			
Trade and other payables	10	168,860	103,003
Goods and services tax		31,618	35,408
Employee benefits	11	121,968	88,280
Provisions	12	11,513	17,126
Deferred income	13	602,502	243,122
Total current liabilities		<u>936,461</u>	<u>486,939</u>
Total liabilities		<u>936,461</u>	<u>486,939</u>
Net assets		<u>2,362,674</u>	<u>881,059</u>
Accumulated funds			
Retained surplus		<u>2,362,674</u>	<u>881,059</u>
Total accumulated funds		<u>2,362,674</u>	<u>881,059</u>

The notes on pages 12 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Statement of changes in members' funds

For the year ended 30 June 2015

<i>In AUD</i>	Retained surplus	Total accumulated funds
Balance at 1 July 2013	103,849	103,849
Total comprehensive income for the year		
Surplus for the year	777,210	777,210
Other comprehensive income	-	-
Total comprehensive income for the year	<u>777,210</u>	<u>777,210</u>
Balance at 30 June 2014	<u>881,059</u>	<u>881,059</u>
Balance at 1 July 2014	881,059	881,059
Total comprehensive income for the year		
Surplus for the year	1,481,615	1,481,615
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,481,615</u>	<u>1,481,615</u>
Balance at 30 June 2015	<u>2,362,674</u>	<u>2,362,674</u>

The notes on pages 12 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Statement of cash flows

For the year ended 30 June 2015

In AUD

	Note	2015	2014
Cash flows from operating activities			
Cash receipts from government grants		3,040,916	2,439,568
Cash receipts from membership fees		1,647,851	1,029,563
Other cash receipts		852,668	757,767
Cash paid to suppliers and employees		(4,488,867)	(3,286,107)
Cash generated from operations		<u>1,052,569</u>	<u>940,791</u>
Interest received		37,984	19,555
Net cash from operating activities	<i>6(b)</i>	<u>1,090,553</u>	<u>960,346</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(17,824)	(26,168)
Acquisition of intangibles		-	(50,045)
Net cash used in investing activities		<u>(17,824)</u>	<u>(76,213)</u>
Net increase in cash and cash equivalents		1,072,729	884,133
Cash and cash equivalents at beginning of year		<u>982,565</u>	<u>98,432</u>
Cash and cash equivalents at end of year	<i>6(a)</i>	<u>2,055,294</u>	<u>982,565</u>

The notes on pages 12 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements

For the year ended 30 June 2015

1 Reporting entity

Australian Indigenous Minority Supplier Office Limited (the "Company") is a public company limited by guarantee and is recognised as a Charitable Institution domiciled in Australia. The address of the Company's registered office is Level 4, 529 Elizabeth Street, Surry Hills, NSW 2010. The financial statements are as at and for the year ended 30 June 2015. The Company is a not-for-profit entity.

2 Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements were authorised for issue by the Board of Directors on 28 January 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

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.

It was concluded that judgements made by management on the application of Australian Accounting Standards did not have a significant effect on the financial report. No estimates with a significant risk of material adjustment in the next year were noted.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) *Non-derivative financial assets*

Financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Rental bond and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less any impairment losses (see note 3(d)).

(ii) *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables (excluding accrued expenses).

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

- Plant and equipment 4-5 years

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

(c) Intangible assets

(i) *Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

3 Significant accounting policies (continued)

(c) Intangible assets (continued)

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) *Amortisation*

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- Website 3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(d) Impairment

(i) *Non-derivative financial assets*

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, economic conditions that correlate with defaults.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

3 Significant accounting policies (continued)

(d) Impairment (continued)

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government securities that have maturity dates approximating the terms of the Company's obligations.

(iii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

3 Significant accounting policies (continued)

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Revenue

(i) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are thereafter recognised in profit or loss on a systematic basis. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(ii) Funding from the Department of the Prime Minister and Cabinet - from 23 October 2012

In accordance with the funding agreement ("the Agreement") dated 23 October 2012 between the Company and the Department of the Prime Minister and Cabinet (PM&C), the Company is entitled to receive funding in the form of government grants by satisfying the conditions specified in the Agreement until 15 August 2015.

Funding from PM&C under this Agreement is in the form of non-Outcome Payments and Outcome Payments. Outcome Payments under this Agreement are divided into the following four categories:

- (a) Outcome 1 - Members;
- (b) Outcome 2 - New Certifications;
- (c) Outcome 3 - Recertifications; and
- (d) Outcome 4 - Active Certified Indigenous Businesses.

Funding from PM&C is subject to strict terms and conditions under the Agreement itself and availability of funds. The Company obtains funds from PM&C after it has submitted a valid GST invoice (a tax invoice) and provided an Outcome Payment - Claim Form as specified at Appendix 2 of the Agreement. Funding is only released upon satisfaction by PM&C that the Company has complied with all the above conditions attached to each payment. Repayment of funds may be required by the Company at the end of the Project Period (i.e. 15 August 2015) if the Company does not spend the funds in accordance with the Agreement.

Accordingly, the Company recognises these funds as revenue in the statement of profit or loss and other comprehensive income upon receipt from PM&C based on the amounts specified in the agreement for each financial year. Any income received in advance of the financial year is treated as deferred revenue and recognised as income in the financial year noted within the Agreement.

Where conditions attached to a PM&C grant have been fulfilled but the grant revenue has not been received at reporting date, the amount is recognised as a grant receivable until payment is received from PM&C.

A Deed of Variation dated 15 March 2015 replaced the original agreement dated 23 October 2012. The Deed replaces Part C of Schedule 1 of the original Agreement in its entirety. The amended Part C outlines the project assigned to Supply Nation for the remainder of the original agreement. The Deed of Variation set out the new milestones for the remainder of the term of the original agreement, which included achieving specific outcomes for the Indigenous Business Directory. The Company recognised these funds as revenue in the statement of profit or loss and other comprehensive income upon receipt from PM&C and upon satisfying the conditions in the Deed of Variation for project milestones.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

3 Significant accounting policies (continued)

(g) Revenue (continued)

(iii) *Membership fees*

Membership fees are recognised as revenue over the period to which they relate.

(iv) *In-kind donations*

In-kind donations received by the Company relates to goods and/or services provided by third parties and are counted, when provided, at their fair values during the financial year through profit or loss.

In-kind donations are recognised when the Company obtains control of the contribution, or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably.

In-kind donations recognised by the Company relate to audit fees received pro-bono by the Company.

(v) *Other income*

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Event income is received by the Company through holding sponsorship events and gatherings. This income is recognised upon receipt in the profit or loss.

(h) Income tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(i) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

4 Other income

<i>In AUD</i>	2015	2014
Interest income	37,984	19,555
In-kind donations	10,610	39,171
Other event income	32,714	80,824
Other income	9,668	27,546
Program delivery income	54,018	71,851
	<u>144,994</u>	<u>238,947</u>

5 Personnel expenses

<i>In AUD</i>	2015	2014
Wages and salaries	1,398,632	1,389,388
Increase in liability for annual leave	9,367	1,395
Increase in liability for long service leave	4,619	3,408
Contributions to defined contribution plans	132,017	126,039
	<u>1,544,635</u>	<u>1,520,230</u>

6 Cash and cash equivalents

(a) Cash and cash equivalents

<i>In AUD</i>	2015	2014
Cash at bank and on hand	<u>2,055,296</u>	<u>982,565</u>

(b) Reconciliation of cash flows from operating activities

<i>In AUD</i>	2015	2014
Profit for the year	1,481,615	777,210
Adjustments for:		
Depreciation	31,304	20,504
Impairment of intangible assets	50,045	-
	<u>1,562,964</u>	<u>797,714</u>
Change in prepayments	(2,871)	(22,216)
Change in trade and other receivables	(487,470)	(17,949)
Change in government grant receivable	(431,592)	60,388
Change in trade and other payables	65,857	29,436
Change in goods and services tax	(3,790)	(4,255)
Change in employee benefits	33,688	10,332
Change in provisions	(5,613)	(5,726)
Change in deferred income	359,380	112,622
Net cash flows from operating activities	<u>1,090,553</u>	<u>960,346</u>

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

7 Other receivables

In AUD

	2015	2014
Cash on deposit	509,488	-
Other receivables	7,927	21,759
	<u>517,415</u>	<u>21,759</u>

8 Property, plant and equipment

In AUD

	Plant and equipment	Total
Cost		
Balance at 1 July 2014	101,976	101,976
Additions	17,821	17,821
Balance at 30 June 2015	<u>119,797</u>	<u>119,797</u>
Accumulated depreciation		
Balance at 1 July 2014	40,270	40,270
Depreciation for the year	31,303	31,303
Balance at 30 June 2015	<u>71,573</u>	<u>71,573</u>
Carrying amounts		
At 1 July 2014	<u>61,706</u>	<u>61,706</u>
At 30 June 2015	<u>48,224</u>	<u>48,224</u>

9 Intangible assets

In AUD

	Website	Total
Cost		
Balance at 1 July 2014	50,045	50,045
Additions	-	-
Balance at 30 June 2015	<u>50,045</u>	<u>50,045</u>
Accumulated amortisation		
Balance at 1 July 2014	-	-
Impairment expense	(50,045)	(50,045)
Balance at 30 June 2015	<u>(50,045)</u>	<u>(50,045)</u>
Carrying amounts		
At 1 July 2014	<u>50,045</u>	<u>50,045</u>
At 30 June 2015	<u>-</u>	<u>-</u>

Website development costs were fully impaired during the year ended 30 June 2015 following cessation of the current CRM project.

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

10 Trade and other payables

<i>In AUD</i>	2015	2014
Accrued expenses	168,860	103,003

11 Employee benefits

<i>In AUD</i>	2015	2014
Current		
Salary, wages, and superannuation accrued	56,518	36,816
Liability for annual leave	54,876	45,509
Liability for long-service leave	10,574	5,955
	<u>121,968</u>	<u>88,280</u>

12 Provisions

<i>In AUD</i>	2015	2014
Provision for lease straight-lining	11,513	17,126

13 Deferred income

<i>In AUD</i>	2015	2014
Membership income received in advance	602,502	200,278
IBA funding surplus	-	42,844
	<u>602,502</u>	<u>243,122</u>

14 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	2015	2014
Less than one year	140,052	176,878
Between one and five years	-	140,052
	<u>140,052</u>	<u>316,930</u>

15 Capital and other commitments

<i>In AUD</i>	2015	2014
Capital expenditure commitments		
Plant and equipment		
<i>Contracted but not provided for</i>		
Within one year	480	4,538
One year or later and no later than five	-	480
	<u>480</u>	<u>5,018</u>

Australian Indigenous Minority Supplier Office Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

16 Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

<i>In AUD</i>	2015	2014
Operating lease security deposit guarantee	30,938	30,938

17 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

<i>In AUD</i>	2015	2014
Short-term employee benefits	186,250	247,500
Post-employment benefits	17,957	22,894
	<u>204,207</u>	<u>270,394</u>

In addition to their salaries, the Company also contributes to a post-employment defined contribution superannuation fund on their behalf.

In accordance with the revised Constitution dated June 2015, Leah Armstrong (Chair) received payment of \$7,000 (2014: nil) for her services as Chair of the Board of Directors and \$44,740 (2014: nil) for services as CEO.

Key management personnel and director transactions

During the year the Company acquired audio conferencing services from Message Stick Communications Pty Ltd to the value of \$5,699 (2014: \$8,348) at arms length commercial rates. Message Stick Communications Pty Ltd also provided sponsorship of \$13,750 for the 2015 Connect event (2014: \$13,750). The Company's Director, Michael McLeod is a Director and the CEO of Message Stick Communications Pty Ltd. The outstanding balance payable as at 30 June 2015 was \$780 (2014: \$592).

During the year the Company acquired hospitality services from Compass Group to the value of \$3,501 (2014: \$1,937) at arms length commercial rates. Compass Group also provided sponsorship of \$16,500 for the 2015 Connect event (2014: \$26,400). The Company's Director, George Mifsud was the Human Resources Director of Compass Group until December 2014. There were no balances outstanding as at 30 June 2015 (2014: \$nil).

During the year the Company paid Core Insights Advisory Services, a company owned by the Chairperson Leah Armstrong, \$44,750 (2014: nil) for services performed whilst acting as CEO at arms length commercial rates. Leah Armstrong acted as CEO whilst the company was in the recruiting phase before Laura Berry started as CEO. There were no balances outstanding as at 30 June 2015 (2014: \$nil).

The Company also utilised meeting rooms at Citi Australia from time to time throughout the year for no cost. The Company's Director (until 25 March 2015), Stephen Roberts is the Chief Executive Officer of Citi Institutional Clients Group, Australia / New Zealand and Citi Chief Country Officer Australia.

All other transactions between the Company and its key management personnel in the ordinary course of business have been conducted on an arms length basis.

18 Subsequent events

Subsequent to year end, the Company executed a new funding agreement with the Department of Prime Minister & Cabinet. The agreement is for \$1.3 million of funding over the project period, ending in September 2016.

19 Company status

The Company is a public company limited by guarantee. The extent of the liability of any member under the guarantee is a sum not exceeding \$10. The total liability of all members is \$90.

Australian Indigenous Minority Supplier Office Limited

Directors' declaration

In the opinion of the directors of Australian Indigenous Minority Supplier Office Limited ('the Company'):

- (a) the Company is not publically accountable
- (b) the financial statements and notes that are set out on pages 8 to 22 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Leah Armstrong
Director

Dated at Sydney this 28th day of January 2016

Independent auditor's report to the members of Australian Indigenous Minority Supplier Office Limited

Report on the financial report

We have audited the accompanying financial report of Australian Indigenous Minority Supplier Office Limited (the Company), which comprises the statement of financial position as at 30 June 2015, and statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes 1 to 19 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 Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC. The Directors' 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.

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 Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC, 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.

Independent auditor's report to the members of Australian Indigenous Minority Supplier Office Limited (continued)

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 Australian Indigenous Minority Supplier Office 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 Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG

Cameron Roan
Partner

Sydney
28 January 2016