

# BUILDING ON A RECORD OF SUCCESS



Annual Report 2011-12

[www.aimsc.org.au](http://www.aimsc.org.au)

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Registered as Australian Indigenous Minority Supplier Office Ltd

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# Chairman's Message

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The past year has seen AIMSC evolve from successful completion of its pilot phase to become one of Australia's leading players in supplier diversity, enabling and connecting Indigenous enterprises and corporate partners.

AIMSC's Certified Indigenous suppliers are proving that with connections and opportunities, belief and support, a sustainable and vibrant Indigenous sector can be a reality. Indigenous entrepreneurs continue to improve capacity and they are now taking their place in the corporate world and enjoying the prosperity and inclusion this entails. Benefits flow to families and communities directly, by employment or by shared corporate knowledge and inspiration.

The number of certified suppliers continues to grow, and the number of Indigenous people employed by these businesses has again exceeded expectations. The benefits are widespread as the number of both non-Indigenous and Indigenous people employed by certified businesses rose by more than 38% this financial year.

AIMSC corporate membership also continues to grow, with new members joining with their peers in recognising the importance of Indigenous entrepreneurship as a crucial pillar in closing the gap on disadvantage. The 168 corporate members demonstrate tremendous goodwill and include Indigenous champions across corporate Australia. These AIMSC corporate members are finding richness in diversity, whilst knowing that using suppliers that match the diversity of their customers is good business. They also enjoy

the cultural exchange, and discover links, solid business relationships and even unexpected friendships.

Pleasingly, the dollar value of transactions between members and suppliers has continued to exceed target every year of operation and now stands at \$27.86 million; a strong indication of the health of the Indigenous enterprise sector in Australia.

This growth should continue as the implementations of the Indigenous Opportunities Policy (IOP) and changes to the Commonwealth Procurement guidelines create incentives for Australian companies to engage Indigenous Australians in training and employment, as well as making it easier for Australian Government departments to procure from small and medium sized Indigenous businesses.

Our strategic partners – the Indigenous Business Council of Australia, state-based and regional Indigenous Chambers of Commerce, the Business Council of Australia, Indigenous Business Australia and Reconciliation Australia – have continued their much-appreciated support, resulting in an emerging sustainable Indigenous businesses sector and greater opportunities.

This year AIMSC's respected record of achievement was endorsed by the highly positive analysis produced by PricewaterhouseCoopers and funded by the Australian Government. The report highlighted the considerable goodwill and momentum generated by AIMSC and drew attention to AIMSC's notable achievements,

## Chairman's Message

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significant successes and effective approach. The PricewaterhouseCoopers report was followed by a major funding boost from the federal government. Our partners at the Department of Education, Employment and Workplace Relations (DEEWR) have continued to support our goals with the Hon Julie Collins, Minister for Indigenous Employment and Economic Development, announcing \$7.5 million to guarantee AIMSC can continue its work for the next three years. On behalf of the Board I would like to commend the dedication and inspiration of our gifted CEO, Natalie Walker and her professional and industrious team.

As interest in and demand for access to the AIMSC model surges we have made strategic decisions that will be highly significant to AIMSC's future as we continue to increase the depth and quality of AIMSC services. The last three years have seen faster than expected growth, with AIMSC emerging from a start up to become a key influence on minority supply in Australia.

In some ways the real work begins now, as AIMSC embraces the challenges, goodwill and opportunity to ensure a sustainable, connected and prosperous Indigenous business sector into the future.



**Stephen Roberts**  
Chairman, AIMSC & Citi Country Officer  
Australia, Citi Australia



**Stephen Roberts**  
Chairman, AIMSC & Citi Country  
Officer Australia, Citi Australia

"AIMSC corporate membership also continues to grow, with new members joining with their peers in recognising the importance of Indigenous entrepreneurship as a crucial pillar in closing the gap on disadvantage."

# CEO's Message

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Three years ago, when AIMSC was a small start up, our dream of a dynamic, sustainable and vibrant Indigenous enterprise sector seemed distant.

Now, a few short years later we have the support of 168 of Australia's leading companies and certified Indigenous businesses are actively increasing their capacity and standing side by side corporate Australia as valued partners and colleagues.

This year we have again exceeded expectations, with increased numbers of certified suppliers, corporate members and an impressive nearly \$26 million in contracts.

The Federal Government's Indigenous Opportunities Policy (IOP) has created extensive possibilities for Indigenous Businesses competing for government contracts, and Australia's top companies have continued to lead by example, partnering and collaborating with the emerging Indigenous sector for mutual benefit.

The success of the AIMSC model has brought commendation and also responsibility. A vibrant Indigenous enterprise sector is crucial if Australia is to close the gap on Indigenous disadvantage.

AIMSC has developed an outreach strategy, to increase engagement across the country. As a result we are in the planning phase for AIMSC offices in Perth and Brisbane and interest from new Indigenous businesses is on the rise.

We have increased staff numbers to provide direct service to corporate members and certified suppliers, and appointed relationship specialists to enhance communication and provide day-to-day contact between suppliers and members.

In addition we've increased connections between suppliers and members by one-on-one introductions, targeted events and improved training for suppliers to assist in the procurement process.

As part of our commitment to advancing AIMSC's capacity to grow diversity within the supply chain we have renewed our strategic focus.

To increase AIMSC's ability to communicate we've invested in a more ambitious marketing and public relations strategy and we've updated our website and other digital assets to create a sophisticated Indigenous Business Network (IBN) providing easily accessed information.

Key events from the past year demonstrate how AIMSC has been strengthened in line with our strategic focus to provide connection and increased Indigenous business capacity.

## Connect 2012

Over 900 corporate members and certified suppliers attended the tremendously successful Connect 2012 Conference, Tradeshow and Gala Awards dinner. The only event of its kind in Australia, Connect 2012 showcased Indigenous enterprise and provided unparalleled

## CEO's Message

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opportunities for networking as well as sessions for business development.

### First Step Pilot

The First Step is an Australian-first training program designed to assist members to build world-class supplier diversity within their organisations. After a successful pilot program The First Step program is being rolled out in capital cities around Australia.

It is pleasing to see AIMSC transform from start up to a major influencer in supplier diversity. Of course none of this would be possible without a strong Board lead by the indefatigable Stephen Roberts and also the talented AIMSC staff. I commend them all for their committed and steadfast belief in the potential of Indigenous enterprise.



**Natalie Walker**  
CEO, AIMSC



**Natalie Walker**  
CEO, AIMSC

"The success of the AIMSC model has brought commendation and also responsibility. A vibrant Indigenous enterprise sector is crucial if Australia is to close the gap on Indigenous disadvantage."

# AIMSC's Progress

In September 2012 AIMSC will successfully complete its pilot phase, having proved that the idea of an Indigenous supply council could work in Australia. In a sense, the real work now begins.

The pilot's goal was to demonstrate that, with belief, encouragement and practical support, Indigenous Australians could establish sustainable and profitable businesses that are securely embedded in the supply chains of major Australian and international companies. Our achievements have been confirmed by the highly positive findings of the Australian Government funded report produced by PricewaterhouseCoopers.

Creating businesses in this way has enormous benefits not only to Indigenous Australians but Australians generally. It creates jobs for all Australians and delivers additional business services of all kinds across all industry sectors. Many Indigenous communities lie close to major resource developments which rely on sub-contracting for many of their functions—which means AIMSC is playing a positive role in relieving the economic pressures resulting from the resources boom.

Enormous goodwill has been generated so far. AIMSC is developing champions across corporate Australia and the public sector. And this support is built on a strong record of success, as the following achievements demonstrate.

- **AIMSC's membership is growing – now at 168 members;**
- **Our certified supplier number is above target – now at 133;**
- **Interest in our work from new Indigenous businesses is on the rise – our outreach activities are working;**
- **Our members' spend on Indigenous business has exceeded target in every year of our operation, and now stands at close to \$33 million;**
- **Certified businesses are rapidly increasing their Indigenous employment;**
- **In fact, jobs are being created for all Australians; and**
- **Our suppliers are winning contracts in an ever-wider range of industries, across more of Australia.**

Our next phase – as a fully-fledged Indigenous minority supplier council – now begins. Whether you are an Indigenous supplier or a corporate member, we can help your business gain a winning edge and succeed.



# AIMSC’s Progress

|                             | Year<br>One (1) | Year<br>Two (2) | Year<br>Three (3) | Life<br>to date |
|-----------------------------|-----------------|-----------------|-------------------|-----------------|
| Transactions                | \$2,05m         | \$9,20m         | \$21,68m          | \$32,93m        |
| Contracts                   | \$4,07m         | \$15,56m        | \$8,23m           | \$27,86m        |
| Members                     | 48              | 79              | 41                | 168             |
| Certified Suppliers         | 44              | 63              | 24                | 133             |
| Indigenous Employment (FTE) | 161 (68.8%)     | 291 (53.7%)     | 467 (53.2%)       | 503 (57.4%)     |

*Please note that figures recorded for the annual report are the figures accurately captured at that time of reporting, but are subject to alteration thereafter if a supplier or member submits altered figures or a supplier is decertified.*

AIMSC’s spend with our Certified Suppliers for the year 2011-12 was:

\$138,186

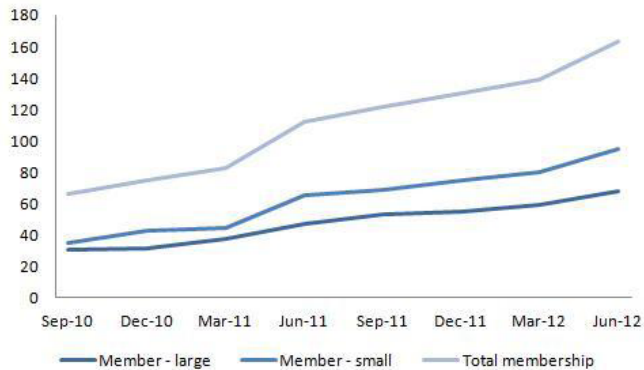
This represents **12%** of our total discretionary spend.

Total discretionary spend = \$1,155,980

# AIMSC's Progress

## AIMSC membership continues to grow strong AIMSC membership growth by quarter 2010–11 and 2011–12 financial years

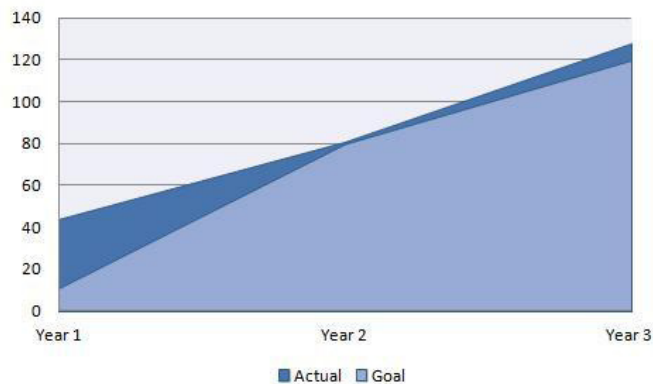
AIMSC has established a solid membership base of 168 members since the inception of our three year pilot in September 2009. Our membership has risen steadily over the last two financial years. We achieved a particularly significant increase in both small (<\$500m pa discretionary spend) and large (>\$500m pa discretionary spend) members during the last quarter of this year.



## AIMSC is on target with Certified Indigenous suppliers

### Actual number of AIMSC Certified Indigenous enterprises versus goal, by AIMSC pilot year

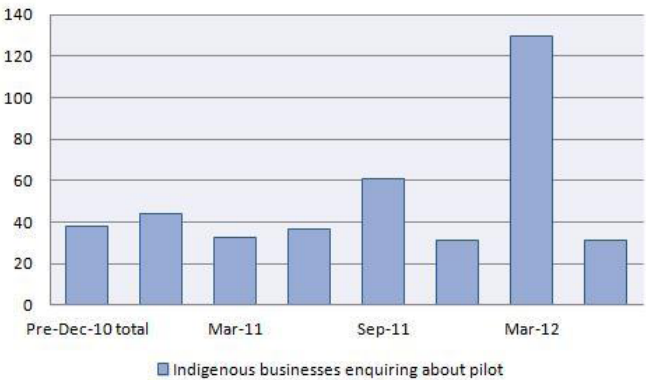
AIMSC is exceeding our ambitious goals for certifying Indigenous businesses. Indigenous businesses are seeing the benefits of AIMSC certification and are demonstrating this by signing up for re-certification each year. This year, our focus was on recruiting Indigenous enterprises in the minerals and resources sector, particularly in Western Australia and Queensland.



# AIMSC's Progress

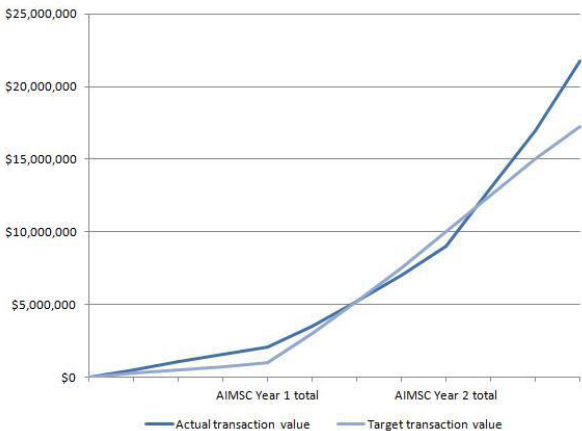
## And interest from new Indigenous businesses is on the rise Indigenous businesses enquiring about becoming an AIMSC Certified Supplier in AIMSC pilot

Enquiries from Indigenous businesses wishing to join AIMSC peaked in March this year.



## Indigenous enterprises & AIMSC members are successfully doing business Actual versus KPI target transaction value by AIMSC pilot year

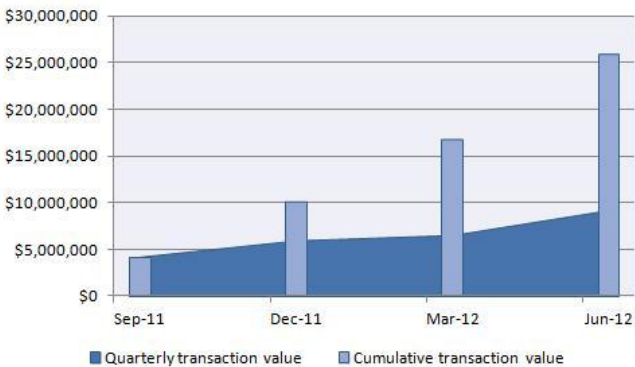
AIMSC members are spending more with Australia's Indigenous businesses thanks to AIMSC's strategies. Actual dollars spent have been higher than our target. This year, spending tracked even better against expectations—the \$20 million target for AIMSC's pilot Year 3 has been achieved after only three quarters.



# AIMSC's Progress

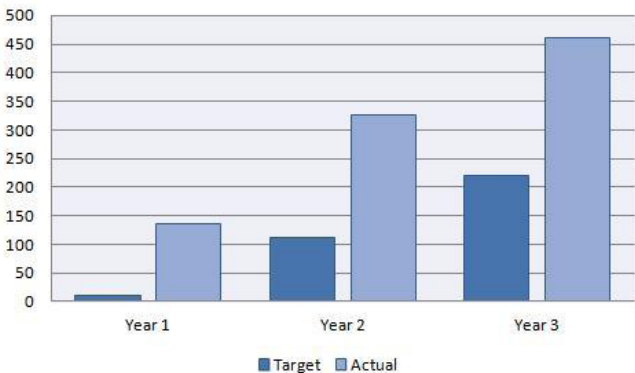
## Business conducted during the 2012 financial year Spending by AIMSC members on Indigenous businesses products and services during the 2012 financial year

During the 2012 financial year alone, AIMSC members spent close to a healthy \$26 million with AIMSC certified Indigenous businesses. This is a huge proportion of the total \$32.93 million worth of transactions conducted since AIMSC's inception. This year's great result is an indicator of how AIMSC is creating a vibrant and prosperous Indigenous enterprises sector in Australia.



## AIMSC Certified businesses are employing Indigenous Australians Target number of Indigenous people employed by AIMSC Certified businesses versus actual Indigenous people employed

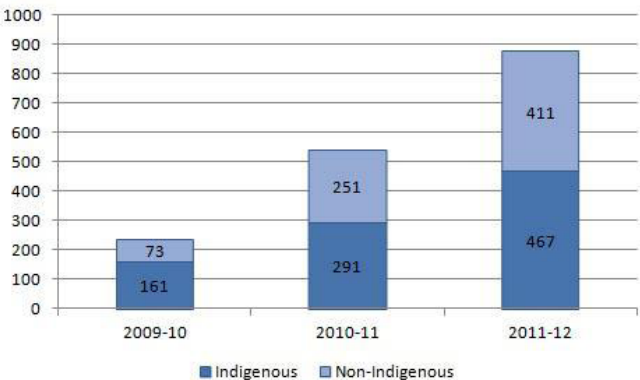
Each year of the pilot, AIMSC certified businesses have employed many more Indigenous people than AIMSC has aimed for. This means that Indigenous people are gaining experience and contributing to the Australian economy in greater numbers than anticipated.



# AIMSC's Progress

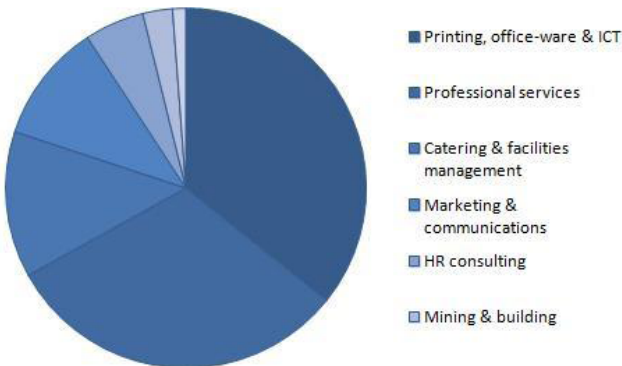
## And all Australians are benefiting from AIMSC's success Indigenous and non-Indigenous people employed by AIMSC Certified businesses over the last three financial years

AIMSC Certified businesses are employing a growing number of non-indigenous and Indigenous Australians. In this financial year alone, the number of non-Indigenous AIMSC Certified business employees rose from 251 to 411 while the number of Indigenous employees rose from 291 to 467—that's a total rise of 336 employees or more than 38 per cent.



## A wide range of industries are engaging Indigenous enterprises Percentage of products and services traded between AIMSC Members and Indigenous businesses, by type, during the 2012 financial year

AIMSC facilitated contracts cover a range of industries. The most successful industries this year have been printing, office-ware, ICT and professional services. Two great examples of Indigenous enterprises working in these industries are Print Junction who are doing business with 15 AIMSC members and Corporate Culcha who are doing business with 29 members.



## Events: 1 July 2011 - 30 June 2012

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### **Introduction to the Indigenous Opportunities Policy (IOP) Melbourne**

Melbourne, Victoria

12 July 2011

### **Procurement Networking for NSW AIMSC Certified Suppliers**

Sydney, New South Wales

20 July 2011

### **Introduction to the IOP Perth**

Perth, Western Australia

21 July 2011

### **Introduction to the IOP Brisbane**

Brisbane, Queensland

26 July 2011

### **Introduction to the IOP Sydney**

Sydney, New South Wales

29 July 2011

### **Introduction to the IOP Darwin**

Darwin, Northern Territory

4 August 2011

### **Introduction to the IOP Canberra**

Canberra, Australian Capital Territory

18 August 2011

### **Introduction to the IOP Adelaide**

Adelaide, South Australia

2 September 2011

### **Members' Lunch September 2011**

Sydney, New South Wales

7 September 2011

### **NMSDC Atlanta Delegation**

Atlanta, Georgia, United States of America

30 October – 2 November 2011

### **The First Step Pilot Sydney**

Sydney, New South Wales

28-29 November 2011

### **The First Step Pilot Melbourne**

Melbourne Victoria

1-2 December 2011

### **Connect 2012 - Open for Business**

- Conference
- Business opportunity Fair/Tradeshaw
- Gala Dinner

Sydney, New South Wales

2-3 April 2012

### **The First Step - AIMSC's supplier diversity fundamentals training program**

Sydney, New South Wales

23-24 May 2012

### **Freehills workshop for AIMSC Certified Suppliers - De-mystify contracts and negotiations**

Sydney New South Wales & Brisbane  
Queensland

12 June 2012

# Our Vision & Values

## Our Vision

A prosperous, vibrant and sustainable Indigenous enterprise sector.

AIMSC will achieve this by:

- facilitating the integration of Indigenous businesses into the supply chain of private sector corporations and Government agencies
- advocating on behalf of the Indigenous business community to foster business to business transactions and commercial partnerships between corporate Australia, Government agencies and Indigenous business
- exchanging information, conducting research and leading the integration of Indigenous business into the Australian economy.

## Our Values

**Open communication:** We give and receive feedback to help us continually improve our work

**Collaboration:** We achieve our goals by working together

**Enterprising:** We always look for new ways to do things to help us achieve our goals

**Globalising:** We operate in an international community of which our members and suppliers can benefit

**Belief:** We know that our work will transform the Indigenous enterprise sector

**Accountability:** We are an open book and build our reputation off high performance

*The aim of **supplier diversity** is to increase the opportunity for **minority owned businesses** to supply their **goods and services** to large public and private sector organisations. **Supplier diversity** offers under represented businesses the same **opportunities** to compete for the **supply** of quality goods and services as other qualified suppliers.*

# AIMSC Members

At 30 June 2012

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- Abigroup
- Accor
- ACT Government
- Advanced Personnel Management
- Alexander Mann Solutions
- Allens & Linklaters
- Arup
- Ashurst
- Aussie Home Loans
- Australia Post
- Australian Customs and Border Protection Service
- Australian Human Rights Commission
- Australian Public Service Commission
- Australian Securities Investment Commission
- Australian Taxation Office
- Australian Trade Commission
- Boeing Defence Australia
- BP Australia
- Brookfield Multiplex
- Bunzl Outsourcing Services
- Bupa Australia
- Bush Heritage Australia
- Busy Inc trading as Busy at Work
- Buzz Products
- Catholic Care
- Central Victorian Group - Training Company
- Cisco Systems Australia
- Citibank Australia
- City of Fremantle
- City of Sydney
- Clayton Utz
- Coles
- Commercial Industrial Construction Group
- Commonwealth Bank of Australia
- Compass Group
- Complete Office Supplies
- ComSuper
- Corporate Express
- Corrs Chambers Westgarth
- Cox Inall Ridgeway
- Cummins South Pacific
- Deloitte
- Department of Aboriginal Affairs (NSW)
- Department of Agriculture, Fisheries & Forestry
- Department of Broadband, Communications & the Digital Economy
- Department of Communities (QLD)
- Department of Communities & Social Inclusion (SA)
- Department of Defence
- Department of Education & Communities (NSW)
- Department of Education, Employment & Workplace Relations
- Department of Education, Training & Employment (QLD)
- Department of Environment & Heritage Protection
- Department of Families & Housing Community Services, Indigenous Affairs
- Department of Family & Community Services: ADHC (NSW)
- Department of Finance & Deregulation
- Department of Foreign Affairs & Trade
- Department of Health & Ageing
- Department of Human Services
- Department of Indigenous Affairs (WA)
- Department of Industry, Innovation, Science, Research & Tertiary Education
- Department of Infrastructure & Transport
- Department of Justice & Attorney-General (QLD)
- Department of Planning & Community Development (VIC)
- Department of Transport & Main Roads (QLD)
- Department of Veterans Affairs
- E-Bisprint
- Ernst & Young
- ExxonMobil
- Fair Work Australia
- Fair Work Building & Construction
- Five D



# AIMSC Members

## At 30 June 2012

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- Fortescue Metals Group
- Foxtel
- Freehills
- Fulton Hogan
- Future Fund
- Gadens Lawyers
- Generation One
- GHD Consulting
- Gilbert & Tobin
- Goldman Sachs & Partners
- Grant Thornton
- Hansen Yuncken
- Hewlett Packard (HP)
- IBM Australia
- IHG Hotels Management
- Indigenous Business Australia
- Information Management Integration (IMI) Solutions
- Insurance Australia Group
- Interior Fit / One68
- IP Australia
- Iplex Pipelines Australia
- ISIS Group Australia
- ISS Facility Services Australia
- Job Find Centres Australia
- Job Futures
- John Holland Group
- Johnson & Johnson Medical
- Kelly Services
- KPMG
- Laing O'Rourke
- Laprock
- Leighton Contractors
- Leighton Holdings
- Lend Lease Group
- Luxottica Group
- Macquarie Telecom
- ManpowerGroup
- Marriott International
- Max NetWork
- McConnell Dowell
- Microsoft
- Mission Australia
- MSS Security
- National Archives of Australia
- National Australia Bank
- National Capital Authority
- National Centre of Indigenous Excellence
- National Congress of Australia's First Peoples
- National Rugby League
- Neato Employment Services
- News Ltd
- Ngarda Civil & Mining
- NRMA
- Office of the Australian Information Commissioner
- Oz Minerals
- Paynter Dixon (QLD)
- Pfizer Australia
- Pilbara Aboriginal Contractors Association Inc
- Pottinger
- Premier Global Services (PGI)
- PricewaterhouseCoopers
- Programmed Maintenance Services
- PRT Chartered Accountants
- PVS Workfind
- Qantas
- Reconciliation Australia
- Red Bean Republic
- Rio Tinto Iron Ore
- Royal Australian Mint
- Salmat
- SBS Cooperation
- Schiavello
- Sea Force
- Sebel Furniture
- Shell Australia
- Sinclair Knight Merz (SKM)
- Skywest Airlines (Australia)
- Sodexo
- Spotless Services
- Stockland
- Telstra
- TFS
- The Royal Australasian College of Physicians
- Thiess
- Toll Holdings
- Transfield Services
- Transurban
- Unisys Australia
- University of Technology, Sydney
- Veolia Water Australia
- Victorian Government
- Virgin Blue
- Voyages Indigenous Tourism Australia
- Walton Construction
- Water Corporation
- Wesfarmers
- Westpac Banking Corporation
- Woodside Energy
- Woolworths

# Case Study: Qantas & Yaru Water

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**Laura Berry, Head of Government and Corporate Affairs - Qantas**

**- AIMSC Member Since October 2009**

**Brendan Meddings, Business Development Manager - Yaru Water**

**- AIMSC Certified Since May 2011**

**Yaru Water is Australia's first Indigenous premium spring water. Yaru was developed to support programs for Indigenous Youth focusing on Indigenous leadership for the future.**

## **Laura Berry - Qantas**

As soon as we saw Yaru water we were impressed. To start off with it's a great product because it tastes really lovely and the design is appealing. We really liked it and we wanted to incorporate it wherever we could in Qantas.

At the moment we use it in all our executive meetings and boardrooms and that is a good showcase for the product. It's an excellent talking point that often breaks the ice at important meetings. The bottle looks different so it often sparks a conversation and that gives us the chance to mention our relationship with AIMSC and Indigenous businesses.

We are also using Yaru water increasingly for Qantas events, and we've introduced Kyle Slabb and Brendan Meddings to our events team. One great thing that Yaru water has going for it is that their people like Kyle and Brendan are so personable. It makes it easy to form relationships that will

be sustainable and necessary for long-term partnerships. They are so enthusiastic and always accommodating and interested in our requirements.

These good relationships mean that they will hear when and where future opportunities come up, and they will be well placed to tender.

While we are very pleased with Yaru water as a product, it has been beneficial to have some time to develop the relationship and allow Yaru time to develop as a business.

A good example of that has been the fact that they are currently professionalising their distribution channels. At first ordering was constrained because we were limited in what and where they could deliver. So we couldn't order a mix of sparkling or still, or a smaller order. The only ordering size was a palette, but sometimes we wanted to make smaller orders, or have them delivered elsewhere and this distribution factor could have been an issue.

We actually just heard from Brendan at Yaru and he said they have professionalised the distribution side of things and they now have a nationwide distribution system so they can ship to wherever we need it and with more flexibility for what we require.

This is the kind of progress that enables partnerships with large organisations like Qantas to succeed.

## Case Study: Qantas & Yaru Water

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*Yaru business manager Brendan Meddings (left) and owner Kyle Slabb*

### Brendan Meddings - Yaru Water

We started Yaru with a specific vision: to create a successful business in order to support Indigenous youth programs.

To achieve this Kyle Slabb (Director) was clear right from the start – we had to exceed expectations. It became the motto we all worked by.

When Yaru water was chemically analysed it was so flawless and clear it was defined as a premium – as pure as the best water in the world.

The Bundjalung Nation has always had great respect for this water as “our living water” and we owed it to this respect and the quality of the water to be as professional as possible.

We worked very hard on this for 18 months before we took the product to the market. We organised premium branding, website, videos, design and packaging. We believed in our product and are delighted corporate Australia

has accepted us.

Laura Berry and the Qantas team have been great. Laura gave us the confidence and belief that we would succeed. Actually she has helped us way beyond Qantas, with referrals and introductions to other AIMSC Members. She has worked with us and has been a real champion and supporter for Yaru and also for AIMSC.

Probably our biggest challenge so far has been distribution. You can't use an average courier service; you have to be accepted by a major distributor. To be accepted we had to prove that our systems achieved the professionalism they demand. We are now at the stage where we can deliver a carton of water from our farm at Mt Warning to anywhere in Australia.

Outsourcing and streamlining this aspect of our service has all been part of our goal to exceed our clients' expectations. This is particularly important because AIMSC introduces us to major corporations who want to deal with suppliers who can distribute nationally and meet the highest standards.

The support from the corporate world has amazed us and AIMSC connections have clearly been a major part of our success. We understand it is important for us to maintain the highest level of professionalism to continue to meet our customers' needs and grow our business.

# Case Study: Commonwealth Bank of Australia (CBA)

## & Message Stick

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**Tristan Landers, Executive General Manager,  
Corporate Sustainability - Group Corporate  
Affairs - Commonwealth Bank of Australia  
(CBA)**

**- AIMSC Member Since October 2009**

**Michael McLeod, Chief Executive Officer -  
Message Stick**

**- AIMSC Certified Since September 2009**

### Tristan Landers - Commonwealth Bank of Australia (CBA)

The first reason that the CBA/Message Stick partnership is strong is because Message Stick is a very commercial enterprise. Michael and his team think very commercially and their product is very strong. They treat us as a valued customer and we value the service they provide.

The team at Message Stick put a high value on relationships, and that includes all the different sectors they deal with at CBA, such as corporate sustainability, procurement and enterprise services. When you are dealing with a large, complex, multi-business entity like CBA you need to be able to connect with the right people. Michael and his team are aware of this.

A lot of work goes into sustaining and maintaining these relationships and that is one of the keys to their success. They never take this for granted and are diligent with their follow up to check if we are happy. We have a broad relationship with AIMSC and Michael McLeod but none of that would help at all if the service and product were not strong.

As soon as I met Michael it became clear that he has fantastic vision. He thinks outside his sphere of influence to how he can benefit others. He is very knowledgeable about the long-term and strategic changes that will allow indigenous businesses to thrive. We had the confidence to sign an extensive agreement with Message Stick because of the quality of their leadership and because the level of service is exemplary.

I guess that's why it is no surprise that we haven't had any challenges or issues with the partnership. Message Stick work so hard to maintain relationships and connections. They spend the time to follow up and see if we are satisfied with the service. They know that the decision is a commercial one but they are still so appreciative. And we are grateful for the level of service, so I guess you could say we are mutually grateful.

Message Stick is an excellent role model for emerging indigenous businesses. They really illustrate how important it is to maintain and build relationships and they don't take those relationships for granted. They are commercial and competitive in their outlook. They know that real value, long-term sustainability comes from maintaining connections and not taking the relationship for granted.

Michael is one of the most persistent people you will ever meet, but he always does it in a respectful and polite way. We like the diversity of our suppliers to meet the diversity of our customers and Message Stick make that a pleasure.

# Case Study: Commonwealth Bank of Australia (CBA)

## & Message Stick

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*Michael McLeod, CEO Message Stick signing the contract with Ralph Norris, CEO, Commonwealth Bank of Australia*

### Michael McLeod - Message Stick

Tristan Landers is wonderful. She is our focal point and she is supportive and proactive. She introduces us to the decision makers but that is no guarantee; after that it is up to us to do the rest.

CBA is our largest customer and that has given us an opportunity to prove that Message Stick can compete commercially at the highest level. It is very exciting and it challenges our professionalism at every level. It has taken over eight years to get to this point. We started small, building relationships, growing to engage with companies until we had a corporate grade service. Now we are genuinely global and we can compete with anyone. We have 80 of Australia's top corporate customers as clients and we turn over 10 million profit annually.

Being an indigenous business does not give us free range. We still have to prove that we can deliver great service and that we are as

competitive as anyone. AIMSC is brilliant and has helped us build the business but it is not a hand out. It provides an introduction but after that suppliers have to prove they are capable of delivery.

My advice for indigenous businesses is to build and maintain relationships and to be persistent. Right from the start Message Stick has been modelled on engaging companies. Engagement goes right through to every area we deal with, from procurement to IT. Business is easy – it is the creating and maintaining of relationships that is the challenging part.

A successful business is built on successful relationships. You need to understand what the clients require. You need to recognise where they are going and then tweak your services to help them get there. To do that you have to know your clients, you have to build the relationships so you can truly know what they want and if they are happy with the service.

You can hold up your life and circumstances as an excuse for not reaching your full potential, but if you have that enterprising spirit you will keep on moving forward and making dreams and aspirations come true. I am a naturally stubborn bastard and I have been driven for a desire for financial independence - perseverance and stubbornness will get you a long way.

CBA have given us the opportunity to show that we can compete at the highest level with a quality product and diligent customer service.

# Directors' Report

## For the year ended 30 June 2012

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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 2012 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:

#### Leah Armstrong, Director

Leah is a founding board member of Australian Indigenous Minority Supplier Council. She is the Chairperson of the Indigenous Business Policy Advisory Group and board member of Jobs Australia Foundation and Indigenous Business Australia. Leah is currently CEO of Reconciliation Australia. Leah was appointed as a director of AIMSC on 22 December 2008.

#### Gavin Bell, Director

Gavin is currently the Chief Executive Officer/Managing Partner of Freehills. Gavin joined Freehills in 1982 and has been a partner since 1988. His areas of expertise include 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. Gavin was appointed as a director of AIMSC on 30 May 2012.

#### Lani Blanco-Francis, Director

Founder and CEO of LBF Consulting Pty Ltd. Inaugural winner and proud recipient of the Neville Bonner Award, "Most outstanding person to influence Indigenous Employment and Program initiatives in 2002." Lani has 15 years expertise in Indigenous employment and training. Lani was appointed as a director of AIMSC on 22 December 2008

#### Elizabeth Broderick, Director

Elizabeth has been a strong advocate for Australia's national paid parental leave scheme, workplace diversity, equal pay and changes to the ASX Corporate Governance Principles to increase the number of women at decision making level. Elizabeth is currently leading a major review into the treatment of women in the Australian Defence Force. She is a member of the University of Technology Sydney (UTS) Law Advisory Board, the Vic Health Advisory Board and the ANU Centre for Public and International Law. Prior to this Elizabeth was a partner at Blake Dawson. As a Lawyer and businesswoman, Elizabeth won the 2001-02 Telstra NSW Business Woman of the Year and Australian Corporate Business Woman of the Year. Elizabeth was appointed as a director of AIMSC on 11 August 2011.

# Directors' Report (Cont.)

## For the year ended 30 June 2012

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### Daniel Gilbert, Director

#### - Resigned 19th October 2011

Daniel is a Co-founder and Managing Partner of Gilbert + Tobin and holds a number of directorships including: Chairman of the National Museum of Australia, Non Executive Director National Australia Bank Limited, Chairman Cape York Institute for Policy & Leadership. Daniel was appointed as director of AIMSC on 21 May 2009

### John Grant, Director

John is the Australian Government Procurement Coordinator and Head of Procurement Division, Department of Finance and Deregulation. Previously the interim head of the Australian Government Information Management Office, head of the Office of Small Business, Australian Building Codes Board and GST Operations Division of the Australian Competition and Consumer Commission. John has a Bachelor of Arts from the ANU with majors in history and accounting. John was appointed as a director of AIMSC on 11 August 2011.

### Anthony Hollis, Director

Anthony is a member of the NSW Export & Investment Advisory Board and a senior Advisor to PwC and Kronos. He is respected as an ICT and digital entrepreneur. Anthony has law degrees from South Africa, Israel and Australia. Previous roles include: CEO of the Australia-Israel Chamber of Commerce; Head of Time Warner (USA) operations ANZ and President of CanWest Asia Pacific (Canada) as its representative on the Board of Network Ten. Anthony was appointed as a director of AIMSC on 22 December 2008.

### Dugald Russell, Director

Dugald has over twenty years' national and international senior management experience including CFO and CEO roles. He is a member of the Federal Government Indigenous Business Policy Advisory Group and a Fellow of the Australian Society of Certified Practicing Accountants. Dugald was appointed as director of AIMSC on 1 June 2009.

### Stephen Roberts, Chairman

Stephen is currently Chief Executive Officer of the Citi Institutional Clients Group, Australia/New Zealand and is also the Citi Chief Country Officer, Australia. He is Adjunct Professor of Finance at the University of Sydney and a member of the Board of Advice to the Faculty of Economics and Finance at the United States Study Centre. He is Deputy Chairman of both the Australian Bankers Association and of the Australian Financial Markets Association. He sits on the boards of the Australian American Association, the Ponting Foundation and the Bradman Foundation and is Citi's representative on the Business Council of Australia. Stephen is a member of the Advisory Board to

## Directors' Report (Cont.)

### For the year ended 30 June 2012

the indigenous education body, Dare to Lead. Stephen holds a Bachelor of Economics degree from Australian National University. Stephen was appointed as a director of AIMSC on 21 May 2009.

#### Suzanne Young, Director

Suzanne Young is Executive General Manager of Group Corporate Services at the Commonwealth Bank and had previous leadership roles at Qantas and Unisys. Suzanne is responsible for the Group's Property and Procurement strategies and operations. She is leading initiatives to transform service delivery teams to be more customer orientated, effective and financially efficient. She also leads Group Advisory and Process Excellence teams and is actively supporting the Group's Reconciliation Action Plan and Sustainability initiatives. Suzanne is a Director of the Commonwealth Bank Group Superannuation Fund (OSF) and is a non-executive director of Surf Life Saving Australia (SLSA). Suzanne was appointed as director of AIMSC on 11 August 2011.

## 2. Directors' 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 |          |
|---------------------|----------------|----------|
|                     | Attended       | Entitled |
| Leah Armstrong      | 2              | 4        |
| Anthony Hollis      | 4              | 4        |
| Lani Blanco-Francis | 3              | 4        |
| Dugald Russell      | 4              | 4        |
| Stephen Roberts     | 3              | 4        |
| Daniel Gilbert      | 2              | 2        |
| Elizabeth Broderick | 3              | 4        |
| John Grant          | 3              | 4        |
| Suzanne Young       | 3              | 4        |
| Gavin Bell          | 1              | 1        |

## 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.



# Directors' Report (Cont.)

## For the year ended 30 June 2012

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### 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 certified by Australian Indigenous Minority Supplier Council (AIMSC) 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 operating surplus of the Company from ordinary activities for the year ended 30 June 2012 was \$49,404 (2011: \$306,237 deficit).

#### *Measures of performance*

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

### 6. Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

## Directors' Report (Cont.)

For the year ended 30 June 2012

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### 7. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for financial year ended 30 June 2012.

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

A handwritten signature in black ink, appearing to read 'Stephen Roberts'.

Stephen Roberts

Chairperson

Dated at Sydney this 6th day of September 2012



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

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To: the Directors of Australian Indigenous Minority Supplier Office Limited

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

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Cameron Roan', with a stylized flourish at the end.

Cameron Roan

Partner

Dated at Sydney this 6th day of September 2012

*KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.*

*Liability limited by a scheme approved under Professional Standards Legislation.*

# Statement of Comprehensive Income

For the year ended 30 June 2012

| In AUD   | Note | 2012               | 2011               |
|--|------|--------------------|--------------------|
| <b>Revenue</b>                                 |      |                    |                    |
| Government grants                              |      | 1,671,668          | 797,584            |
| Event income                                   |      | 394,505            | 230,241            |
| Other income                                   | 4    | 74,734             | 10,164             |
| <b>Revenue and other income</b>                |      | <b>2,140,907</b>   | <b>1,037,989</b>   |
| <b>Personnel expenses</b>                      | 5    | <b>(952,899)</b>   | <b>(671,571)</b>   |
| Equipment expense                              |      | (16,139)           | (19,196)           |
| Event management expense                       |      | (479,292)          | (233,039)          |
| Marketing expense                              |      | (109,621)          | (48,379)           |
| Travel expense                                 |      | (81,041)           | (111,070)          |
| Depreciation expense                           | 7    | (22,562)           | (3,563)            |
| Administration expense                         |      | (429,949)          | (257,408)          |
| <b>Expenses</b>                                |      | <b>(2,091,503)</b> | <b>(1,344,226)</b> |
| <b>Surplus/(Deficit) before income tax</b>     |      | <b>49,404</b>      | <b>(306,237)</b>   |
| Income tax expense                             |      | -                  | -                  |
| <b>Surplus/(deficit) for the year</b>          |      | <b>49,404</b>      | <b>(306,237)</b>   |
| Other comprehensive income                     |      | -                  | -                  |
| <b>Total comprehensive income for the year</b> |      | <b>49,404</b>      | <b>(306,237)</b>   |

The notes on pages 32 to 43 are an integral part of these financial statements.

# Statement of Financial Position

## For the year ended 30 June 2012

| In AUD                               | Note | 2012           | 2011           |
|--------------------------------------|------|----------------|----------------|
| <b>Assets</b>                        |      |                |                |
| Cash and cash equivalents            | 6    | 64,722         | 654,387        |
| Prepayments                          |      | 7,626          | 48,491         |
| Other receivables                    |      | 9,190          | 11,690         |
| Goods and services tax               |      | 24,895         | -              |
| Government grant receivable          |      | 169,299        | -              |
| <b>Total current assets</b>          |      | <b>275,732</b> | <b>714,568</b> |
| Property, plant and equipment        | 7    | 63,765         | 9,163          |
| <b>Total non-current assets</b>      |      | <b>63,765</b>  | <b>9,163</b>   |
| <b>Total assets</b>                  |      | <b>339,497</b> | <b>723,731</b> |
| <b>Liabilities</b>                   |      |                |                |
| Trade and other payables             | 8    | 202,279        | 100,796        |
| Employee benefits                    | 9    | 72,263         | 33,522         |
| Provisions                           | 10   | 10,028         | -              |
| Government grant received in advance |      | -              | 583,890        |
| <b>Total current liabilities</b>     |      | <b>284,570</b> | <b>718,208</b> |
| <b>Total liabilities</b>             |      | <b>284,570</b> | <b>718,208</b> |
| <b>Net assets</b>                    |      | <b>54,927</b>  | <b>5,523</b>   |
| <b>Accumulated funds</b>             |      |                |                |
| Retained surplus                     |      | 54,927         | 5,523          |
| <b>Total accumulated funds</b>       |      | <b>54,927</b>  | <b>5,523</b>   |

The notes on pages 32 to 43 are an integral part of these financial statements.

# Statement of Changes in Members' Funds

For the year ended 30 June 2012

| In AUD   | Retained surplus | Total funds      |
|--|------------------|------------------|
| Balance at 1 July 2010                         | 311,760          | 311,760          |
| Deficit for the year                           | (306,237)        | (306,237)        |
| Other comprehensive income                     | -                | -                |
| <b>Total comprehensive income for the year</b> | <b>(306,237)</b> | <b>(306,237)</b> |
| Balance at 30 June 2011                        | 5,523            | 5,523            |
| <b>Balance at 1 July 2011</b>                  | <b>5,523</b>     | <b>5,523</b>     |
| Surplus for the year                           | 49,404           | 49,404           |
| Other comprehensive income                     | -                | -                |
| <b>Total comprehensive income for the year</b> | <b>49,404</b>    | <b>49,404</b>    |
| <b>Balance at 30 June 2012</b>                 | <b>54,927</b>    | <b>54,927</b>    |

*The notes on pages 32 to 43 are an integral part of these financial statements.*

# Statement of Cash Flows

## For the year ended 30 June 2012

| In AUD   | Note | 2012             | 2011            |
|--|------|------------------|-----------------|
| <b>Cash flows from operating activities</b>          |      |                  |                 |
| Cash receipts from government grants                 |      | 1,085,646        | 1,482,955       |
| Other cash receipts                                  |      | 428,858          | 263,568         |
| Cash paid to suppliers and employees                 |      | (2,054,442)      | (1,411,216)     |
| Cash generated (used in)/from operations             |      | (539,938)        | 335,307         |
| Interest received                                    |      | 27,437           | 10,459          |
| <b>Net cash (used in)/from operating activities</b>  |      | <b>(512,501)</b> | <b>345,766</b>  |
| <b>Cash flows from investing activities</b>          |      |                  |                 |
| Acquisition of property, plant and equipment         | 7    | (77,164)         | (12,726)        |
| <b>Net cash used in investing activities</b>         |      | <b>(77,164)</b>  | <b>(12,726)</b> |
| <b>Cash flows from financing activities</b>          |      |                  |                 |
| <b>Net cash from financing activities</b>            |      | <b>-</b>         | <b>-</b>        |
| Net (decrease)/increase in cash and cash equivalents |      | (589,665)        | 333,040         |
| Cash and cash equivalents at beginning of year       |      | 654,387          | 321,347         |
| <b>Cash and cash equivalents at end of year</b>      | 6    | <b>64,722</b>    | <b>654,387</b>  |

*The notes on pages 32 to 43 are an integral part of these financial statements.*

# Notes to the Financial Statements

## For the year ended 30 June 2012

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### 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 2012. The Company is a not-for-profit entity.

### 2. Basis of preparation

#### (a) Statement of compliance

The Company early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2011 to prepare Tier 2 general purpose financial statements.

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 Corporations Act 2001.

The financial statements were approved by the Board of Directors on 6th of September 2012.

#### (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.



# Notes to the Financial Statements

## For the year ended 30 June 2012

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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.

### (e) Changes in accounting policies

#### *Presentation of financial statements and reduced disclosures*

Effective 30 June 2011 the Company has applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project requiring presentation of transactions recognised in other comprehensive income and AASB 1054 Australian Additional Disclosures requiring additional specific Australian disclosures. These changes in accounting policies only relate to disclosures and had no impact on net surplus. The changes have been applied retrospectively and allow the Company to disclose transactions, if any, to be recognised in other comprehensive income.

The Company early adopted reduced disclosure requirements in AASB 1053 Application of Tiers of Australian Accounting Standards, AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements and AASB 2011-02 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements. This has resulted in a reduction of disclosures for items such as audit fees, financial instruments and reconciliation of cash flows.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in 2(e) which addresses changes in accounting policies.

### (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.

# Notes to the Financial Statements

## For the year ended 30 June 2012

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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(c)).

### *(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 bank overdrafts, and payables (excluding accrued expenses).

# Notes to the Financial Statements

## For the year ended 30 June 2012

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Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (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<sup>4</sup> - 5 years

# Notes to the Financial Statements

## For the year ended 30 June 2012

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

### (c) 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.

#### *(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

# Notes to the Financial Statements

## For the year ended 30 June 2012

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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 the other assets in the unit (group of units) 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.

### (d) 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.

# Notes to the Financial Statements

## For the year ended 30 June 2012

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### (iii) Short-term employee benefits

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

### (e) Revenue

#### *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.

#### *Funding from Department of Education, Employment and Workplace Relations*

In accordance with a funding agreement ("the Agreement") dated 30 June 2009 between the Company and Department of Education, Employment and Workplace Relations (DEEWR), the Company is entitled to receive funding in the form of government grants by satisfying the conditions specified in the Agreement until the year ending 2013.

Funding from DEEWR is subject to strict terms and conditions under the Agreement itself and availability of funds. The Company obtains funds from DEEWR after it has submitted a valid GST invoice (a tax invoice) and provided Quarterly and/or Acquittal reports for each period ended specified in Schedule 2 of the Agreement. Funding is only released upon satisfaction by DEEWR that the Company has complied with all the above conditions attached to each payment. Repayment of funds may be required by the Company at Completion Date (i.e. 30 June 2013) if the the Company does not spend the funds in accordanced with the agreement.

Accordingly, the Company recognises these funds as revenue in the statement of comprehensive income upon receipt from DEEWR 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 DEEWR 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 DEEWR.

# Notes to the Financial Statements

## For the year ended 30 June 2012

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### *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.

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

### **(f) Income tax**

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

### **(g) 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.

# Notes to the Financial Statements

## For the year ended 30 June 2012

### 4. Other income

| In AUD             | 2012          | 2011          |
|--------------------|---------------|---------------|
| Interest income    | 27,437        | 10,089        |
| In-kind donations  | 30,000        | -             |
| Other event income | 5,388         | -             |
| Other income       | 1,909         | 75            |
|                    | <b>74,734</b> | <b>10,164</b> |

### 5. Personnel expenses

| In AUD                                       | 2012           | 2011           |
|--|----------------|----------------|
| Wages and salaries                           | 864,236        | 580,948        |
| Increase in liability for annual leave       | 7,722          | 14,751         |
| Increase in liability for long service leave | 3,770          | -              |
| Contributions to defined contribution plans  | 77,171         | 75,872         |
|  | <b>952,899</b> | <b>671,571</b> |

### 6. Cash and cash equivalents

| In AUD                   | 2012          | 2011           |
|--------------------------|---------------|----------------|
| Cash at bank and on hand | <b>64,722</b> | <b>654,387</b> |



# Notes to the Financial Statements

## For the year ended 30 June 2012

### 7. Property, plant and equipment

| In AUD                                    | Plant and Equipment | Total  |
|---|---------------------|--------|
| <b>Cost or deemed cost</b>                |                     |        |
| Balance at 1 July 2011                    | 12,726              | 12,726 |
| Additions                                 | 77,164              | 77,164 |
| Balance at 30 June 2012                   | 89,890              | 89,890 |
| <b>Depreciation and impairment losses</b> |                     |        |
| Balance at 1 July 2011                    | 3,563               | 3,563  |
| Depreciation for the year                 | 22,562              | 22,562 |
| Balance at 30 June 2012                   | 26,125              | 26,125 |
| <b>Carrying amounts</b>                   |                     |        |
| At 1 July 2011                            | 9,163               | 9,163  |
| At 30 June 2012                           | 63,765              | 63,765 |

### 8. Trade and other payables

| In AUD                 | 2012    | 2011    |
|------------------------|---------|---------|
| Trade payables         | 4,221   | -       |
| Accrued expenses       | 184,365 | 47,683  |
| Goods and services tax | -       | 42,612  |
| Other payables         | 13,693  | 10,501  |
|                        | 202,279 | 100,796 |

### 9. Employee benefits

| In AUD                                    | 2012   | 2011   |
|---|--------|--------|
| <b>Current</b>                            |        |        |
| Salary, wages, and superannuation accrued | 30,399 | 3,150  |
| Liability for annual leave                | 38,094 | 30,372 |
| Liability for long-service leave          | 3,770  | -      |
|   | 72,263 | 33,522 |

# Notes to the Financial Statements

## For the year ended 30 June 2012

### 10. Provisions

| In AUD                              | 2012   | 2011 |
|-------------------------------------|--------|------|
| Provision for lease straight-lining | 10,028 | -    |

### 11. Operating leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

| In AUD                     | 2012    | 2011 |
|----------------------------|---------|------|
| Less than one year         | 113,953 | -    |
| Between one and five years | 387,972 | -    |
| More than five years       | -       | -    |
|                            | 501,925 | -    |

### 12. Capital and other commitments

| In AUD                                   | 2012 | 2011   |
|--|------|--------|
| <b>Capital expenditure commitments</b>   |      |        |
| <b>Plant and equipment</b>               |      |        |
| Contracted but not provided for and      |      |        |
| Within one year                          | -    | 29,839 |
| One year or later and no later than five | -    | 14,071 |
|  | -    | 43,910 |

### 13. Related parties

#### Key management personnel compensation

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

| In AUD                       | 2012    | 2011    |
|------------------------------|---------|---------|
| Short-term employee benefits | 266,034 | 136,089 |
| Post-employment benefits     | 21,628  | 19,775  |
|                              | 287,662 | 155,864 |

# Notes to the Financial Statements

## For the year ended 30 June 2012

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Directors of the Company receive no compensation in relation to the management of the Company.

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

### **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 \$1,034 at arms length commercial rates (2011: \$942). The Company's director, Mr Dugald Russell is also a Director and Shareholder of Message Stick Communications Pty Ltd. There were no balance outstanding as at 30 June 2012 (2011: \$nil).

During the year the Company acquired staff recruitment services from LBF Consulting to the value of \$8,093 at arms length commercial rates (2011: &nil). The Company's Director, Lani Bianco Francis is also a Director of LBF Consulting. There were no balances outstanding as at 30 June 2012 (2011: \$nil).

During the year the Company acquired legal services from Freehills to the value of \$20,000 (2011: \$nil) as an in-kind donation. The Company's Director, Gavin Bell is the Chief Executive Officer of Freehills.

The Company also utilised meeting rooms at Citi Australia from time to time throughout the year for no cost. The Company's Director, 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.

### **14. Subsequent events**

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2012

### **15. 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.

## Directors' Declaration

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

(a) the financial statements and notes, set out on pages 28 to 43, are in accordance with the Corporations Act 2001, including:

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

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001;

(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.

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'Stephen Roberts'.

Stephen Roberts  
Chairperson

Dated at Sydney this 6th day of September 2012





## Independent Audit Report to the Members of Australian Indigenous Minority Supplier Office Ltd

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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 2012, 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 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

### *Auditor's responsibility*

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, 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

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basis for our audit opinion.

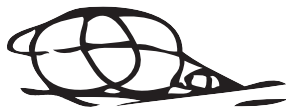
*Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

*Auditor's opinion*

In our opinion the financial report of the Australian Indigenous Minority Supplier Office Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) "complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.



Cameron Roan  
Partner  
Sydney

Dated at Sydney this 6th day of September 2012

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