

ANNUAL REPORT 2014



SupplyNation

Australian Indigenous Minority Supplier Office
Trading As Supply Nation

Supply Nation is supported by the Australian
Government

Uniting for a
profitable future

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Chairman's message



Stephen Roberts
Chairman, Supply Nation
& CEO, Citi Country Officer,
Australia, Citi Australia

Supply Nation is undergoing a period of transition. Over the past 12 months, the organisation has grown substantially. As we enter our sixth financial year, I would like to commend our corporate and government Members, Certified Suppliers, partners and additional stakeholders for their unwavering dedication to making Supply Nation's vision a reality. The Indigenous business sector is fast becoming a force to be reckoned with in the Australian economy. I am proud to say that Supply Nation and our affiliates have played a large role in achieving this.

In 2013/14, a record 100 Indigenous businesses were certified by Supply Nation, the largest number yet. This brings us to an impressive total of 276 Certified Suppliers at the close of the 2013/14 financial year. Similarly, the number of corporate and government Members signing up to our database has increased, with 47 new Members joining over the past year.

With larger numbers of Members and Certified Suppliers, a significant increase in contract activity has been recorded, increasing from \$13,32m in 2012/13 to an exceptional \$63,26m in 2013/14. Transactions increased from \$30,76m to \$44,41m.

The financial result for the year realised an operating surplus of \$777,210 and was achieved through efficiency gains and the introduction of fee for service. These measures were implemented as part of Supply Nation's transition to financial independence, in light of declining commonwealth revenue. The surplus has been fully retained at year end, ensuring Supply Nation is well positioned for the financial challenges ahead.

Our expansion into other regions of Australia is an ambition the Supply Nation Board and I have held since our launch in 2009. In the 2013/14 financial year this became an actuality. We now have greater access to our Members and Certified Suppliers in the Queensland and Northern Territory region, following the opening of a new office in Brisbane. In Western Australia, Supply Nation continues to establish itself as the leading accreditor of Indigenous businesses in the state.

In 2013/14, The Supply Nation Board and I bid goodbye to outgoing Board Members; Anthony Hollis, Head of Strategic Accounts at Kronos and Leah Armstrong, CEO at Reconciliation Australia. I would like to thank them both for their time and commitment to the Supply Nation cause. In January, we welcomed several new additions to our panel. They include: Michael McLeod, CEO of Message Stick Communications and a founder of Supply Nation; Laura Berry, Head of Community at Qantas; Roger Allen, Director of Patagorang Investment, Shane Jacobs, Director of Pacific Services Group Holdings and Adam Goodes, Australian of the Year, Sydney Swans AFL Player and dual Brownlow Medallist.

Going into 2014/15, the Supply Nation Board represents a diverse mix of professionals from all walks of life. Encompassing Members, Certified Suppliers and passionate supplier diversity advocates, our multifaceted Board will ensure that the voices of all Supply Nation stakeholders are heard. It is the feedback of you; our Members and Certified Suppliers, which will assist us in shaping the strategic direction of Supply Nation for years to come. It has

“Our goal is to see supplier diversity embedded into the foundations of corporate and government organisations across the country. In order for this to happen successfully, it must filter from the executive suite down.”

been, and continues to be, a priority for the Board to increase our Membership base, as well as our pool of Certified Indigenous businesses. Ultimately, this will increase the level of activity and rate of expenditure between Members and Certified Suppliers.

A personal victory for me in 2013/14 was Supply Nation's signing of a Memorandum of Understanding (MOU) partnership with the Business Council of Australia (BCA). Their mission aligns seamlessly with our own vision and strategy, as well as that of our Certified Suppliers and Members.

As a Member of the BCA Indigenous Engagement Task Force, I commend the dedication and drive of my fellow members. Through this alliance I feel confident our organisations will drive even greater Indigenous economic engagement. A second point of celebration was our negotiation of a second MOU with the American Chamber of Commerce in Australia (AmCham). This partnership will have twofold benefits for our Members and Certified Suppliers. Firstly, it allows them to extend their reach globally. And secondly, it assists us to develop and embed the right capabilities within our Members and Certified Suppliers.

In 2014/15, we will investigate further collaborative partnerships with fellow supplier diversity advocates, as well as continuing to work with other partners including Indigenous Business Australia and Reconciliation Australia. Additionally, Supply Nation continues to enjoy a strong, robust relationship with the Australian Federal Government. We appreciate their demonstrated commitment and support for our goal of creating a sustainable Indigenous Business sector.

Under the leadership of CEO Charles Prouse, I have no doubt that Supply Nation will achieve new levels of success over the coming twelve months. I anticipate that Supply Nation's growth rate over the next five years will surpass even that of the previous five years, putting us well on track to reach our target of 1 billion dollars in contracts and transactions between Members and Certified Suppliers. With your continued support, we will strive ahead with our ambition to create a unified nation, where all citizens enjoy equal opportunities.





Charles Prouse
CEO, Supply Nation

The close of the 2013/14 financial year marks a significant milestone for Supply Nation. It concludes our fifth financial year of operations. With each year that has passed since we launched in 2009, our vision of an independent and sustainable Indigenous business sector in Australia moves one step closer. I am pleased to say that our successes continue to come. Over the past 12 months I've witnessed significant change in the Australian business landscape. Indigenous businesses are increasingly enjoying opportunities to compete on a level playing field with mainstream suppliers. Our unique business model gives them a foot in the door with representatives from the procurement departments of multi-million dollar organisations. It encourages the creation of a united country, where all citizens are equal.

By supporting Indigenous business, their knowledge, passion and prosperity filters back to local Indigenous communities, inspiring those around them to strive for success. As a result, more and more entrepreneurial Indigenous men and women are branching out and using their skills to set up specialised businesses. As our Certified Indigenous businesses mature in capacity and scale, our aim is that the service provided by Supply Nation, matures with them. We recognise that by supporting Indigenous businesses and by putting the right capacity building initiatives in place, our Certified Suppliers will not only survive, but ultimately thrive in the Australian business landscape.

This in turn benefits our corporate and government Members. As more and more proficient Indigenous businesses come on board and *stay on board*, our industry scope will expand. By meeting our

growth targets, we will ensure the longevity of our comprehensive database for years to come.

As you know, we took the first step on our journey to becoming an independent entity with the introduction of Membership fees on July 1 2013. As the financial year came to a close we had almost 150 corporate and government Members. I am pleased that so many Member companies have seen the value in the extensive service Supply Nation offers and have remained with us on this journey of growth. The results speak for themselves. During the 2013/14 financial year an impressive \$44,41m was recorded in transactions and \$63,26m was recorded in contracts between our Certified Suppliers and corporate and government Members.

The Supply Nation team has expanded in line with the growth of our Member and Certified Supplier numbers. In the 2013/14 financial year we increased staff numbers at our Perth office, Western Australia, as well as opening an office in Brisbane, Queensland.

Throughout the year, Supply Nation was privileged to confirm two new strategic partnerships. In January 2014, a Memorandum of Understanding (MOU) was signed with the Business Council of Australia (BCA). The partnership was formally announced at a VIP luncheon at Parliament House, Canberra on February 12th. The purpose of the agreement is to allow the two organisations to forge new links between large mainstream businesses and Indigenous enterprises and entrepreneurs. This will assist us to bring mutual benefit and drive greater Indigenous economic engagement.

“As more and more proficient Indigenous businesses come on board and *stay on board*, our industry scope will expand. By meeting our growth targets, we will ensure the longevity of our comprehensive database for years to come.”

A second MOU was signed into effect with the American Chamber of Commerce (AmCham) in May 2014. AmCham members include multinational, national, state and local businesses. We intend to work closely with AmCham to engage their members and ultimately bring prosperity to Australia's Indigenous entrepreneurs. Together, our two organisations will achieve great things, impacting the supply chain locally and internationally. Already these strategic partnerships are reaping new rewards.

I am pleased to say that the 2013/14 financial year saw Supply Nation engage with and develop a strong relationship with the new Federal government. We recognise that the provision of Indigenous programs through the Department of Prime Minister and Cabinet is a key focus. We have consulted on Creating Parity – The Forrest Review, the report on Indigenous affairs recently completed by Andrew Forrest. We have provided our feedback and that of our Members and Certified Suppliers.

As we prepare to enter the next chapter of Supply Nation's journey, I would like to take this opportunity to thank the Supply Nation Board and Supply Nation Board Chairman Stephen Roberts for their unwavering commitment to the cause. The Supply Nation team

equally deserve praise for their tireless efforts. Their hard work has not gone unnoticed.

Our vision of achieving a sustainable Indigenous business sector in Australia remains steadfast. I look forward to working together with you, our Members and Certified Suppliers, to achieve greater success, build enduring business relationships and create new opportunities for generations of Indigenous communities to come.



Our vision



A prosperous, vibrant and sustainable Indigenous enterprise sector

Supply Nation 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.

Supply Nation's progress



	Year One	Year Two	Year Three	Year Four	Year Five	Life to Date
Transactions	\$2,09m	\$8,59m	\$21,73m	\$30,76m	\$44,41M	\$107,58m
Contracts	\$4,04m	\$17,63m	\$6,97m	\$13,32m	\$63,26M	\$105,22m
Members	48	74	41	32	47	143
Certified Suppliers	53	12	57	78	100	276
Certified Suppliers Indigenous Employment (FTE)	136	104.5	301.5	222	405.5	407.5

Please note that figures captured at the time of reporting are subject to alteration, due to Supply Nation's stringent verification process.

Supply Nation Members

as at 30 June 2014



1. ABB Australia
2. Aboriginal Hostels Limited
3. Accenture
4. Accor
5. ACT Government
6. Airservices Australia
7. Allens
8. American Chamber of Commerce in Australia
9. Anglicare SA
10. Anglicare Sydney
11. Arup
12. Attorney-General's Department
13. Australia Council for the Arts
14. Australia Post
15. Australian Customs & Border Protection Service
16. Australian Human Rights Commission
17. Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)
18. Australian Securities and Investment Commission
19. Australian Taxation Office
20. Australian Trade Commission (Austrade)
21. BAE Systems Australia
22. Boeing Defence Australia
23. BP Australia
24. Brookfield Johnson Controls
25. BT Australasia
26. Bunzl Australasia
27. Bunzl Food Processor Supplies (Bunzl Holding Co)
28. Bunzl Industrial & Safety (Bunzl Holding Co)
29. Bunzl Outsourcing Services (Bunzl Holding Co)
30. Bupa Australia
31. Bush Heritage Australia
32. Business Council of Australia
33. Busy Inc (Busy at Work)
34. Cabrini Health
35. Campbell Page
36. Carers Queensland Inc
37. Cater Care Group
38. CatholicCare Sydney
39. Chevron Australia
40. Cisco Systems Australia
41. Citi Australia
42. City of Sydney
43. Coles
44. Commonwealth Bank of Australia (CBA)
45. Community First International
46. Compass Group
47. Complete Office Supplies
48. Corrs Chambers Westgarth
49. Cummins South Pacific
50. David Wirrpanda Foundation
51. Deloitte
52. Department of Communications
53. Department of Defence
54. Department of Education & Communities (NSW)
55. Department of Education
56. Department of Family & Community Services (NSW)
57. Department of Finance
58. Department of Finance and Services (NSW)
59. Department of Foreign Affairs & Trade (C'wealth)
60. Department of Health
61. Department of Human Services (C'wealth)
62. Department of Industry (C'wealth)
63. Department of Parliamentary Services (C'wealth)
64. Department of Social Services (C'wealth)
65. Department of the Prime Minister and Cabinet
66. Department of Trade/Investment/Regional Infrastructure/Services(NSW)
67. Department of Veterans' Affairs
68. Ernst & Young
69. ExxonMobil
70. Fortescue Metals Group (FMG)
71. Foxtel

Supply Nation Members

as at 30 June 2014



72. Fulton Hogan
73. General Practice Registrars Australia
74. Generation One
75. GHD Consulting
76. Gilbert & Tobin
77. Goldman Sachs & Partners Australia
78. GrainCorp Operations
79. Herbert Smith Freehills
80. Hewlett Packard (HP)
81. Indigenous Business Australia (IBA)
82. Insurance Australia Group (IAG)
83. INTECSEA
84. ISS Facility Services Australia
85. Johnson & Johnson Medical
86. Konica Minolta
87. KPMG
88. Leighton Contractors
89. Lend Lease Engineering
90. Lend Lease Management Services
91. Link-Up NSW Aboriginal Corporation
92. Luxottica Group
93. Lyreco
94. Medibank Private
95. Mission Australia
96. MSS Security
97. National Australia Bank (NAB)
98. National Australia Day Council
99. National Centre of Indigenous Excellence (NCIE)
100. National Congress of Australia's First Peoples
101. NBN (National Broadband Network)
102. Ngarluma Yindjibarndi Foundation
103. Ngurra Barna
104. OfficeMax Australia
105. Officeworks
106. Perpetual Services
107. Pfizer Australia
108. Premiere Global Services (PGi)
109. PricewaterhouseCoopers
110. Programmed Maintenance Services

111. Q.I.T.E (Quality Innovation Training and Employment)
112. Qantas
113. Reconciliation Australia
114. Robertsons Lifting & Rigging (Bunzl Holding Co)
115. Salmat
116. Savanna Alliance
117. SBS Corporation
118. SEEK
119. Select Fresh
120. Shell Australia
121. Sinclair Knight Merz (SKM)
122. Sodexo
123. Spotless Services
124. St Vincent's Health Australia
125. Staples Australia
126. Stockland
127. Telstra
128. The Smith Family
129. Thiess
130. Toll Holdings
131. Transfield Services
132. Transfield Worley
133. Tursa Employment & Training
134. University of Technology, Sydney (UTS)
135. Veolia Environment Australia
136. Voyages Indigenous Tourism Australia
137. Water Corporation WA
138. Wesfarmers
139. Wesfarmers Chemicals, Energy & Fertilisers
140. Wesfarmers Industrial & Safety
141. Wesfarmers Resources
142. Westpac Banking Corporation (Westpac)
143. WISE Employment
144. Woolworths
145. Worksense Workwear & Safety Pty Ltd (Bunzl Holding Co)
146. World Vision Australia
147. WorleyParsons Australia

Events and programs

1 July 2013 - 30 June 2014



- **19 June 2014 - Certified Supplier Induction Webinar**
- **11 June 2014 - Meet the Certified Supplier Canberra, ACT**
- **4 June 2014 - The First Step, Brisbane Brisbane, QLD**
- **22 May 2014 - Certified Supplier Induction Webinar**
- **17 April 2014 - Certified Supplier Induction Webinar**
- **26-27 May 2014 - Connect, Sydney Sydney, NSW**
- **15 April 2014 - NAB Procurement Forum, Sydney Sydney, NSW**
- **2 April 2014 - The First Step, Perth Perth, WA**
- **19 March 2014 - Certified Supplier Induction Webinar**
- **27 March 2014 - Members and Certified Suppliers Networking Lunch Sydney, NSW**
- **25 March 2014 - NAB Procurement Forum Brisbane, QLD**
- **12 March 2014 - The First Step, Sydney Sydney, NSW**
- **13 March 2014 - Supplier Diversity in the NT Darwin, NT**
- **20 Feb 2014 - Certified Supplier Induction Webinar**
- **18 Feb 2014 - NAB Procurement Forum, Perth Perth, WA**
- **13 Feb 2014 - Certified Suppliers Government Briefing Webinar**
- **12 Feb 2014 - Parliamentary luncheon, Canberra Canberra, ACT**
- **19 Dec 2013 - Certified Supplier Induction Webinar**
- **19 Nov 2013 - New Member Induction Webinar**
- **12 Dec 2013 - Supply Nation Christmas Drinks, Perth Perth, WA**
- **12 Dec 2013 - Supply Nation Christmas Luncheon, Sydney Sydney, NSW**
- **28 Nov 2013 - Certified Supplier Induction Webinar**
- **13 Nov 2013 - The First Step, Melbourne Melbourne VIC**
- **27-30 Oct 2013 - Supply Nation Delegation to the NMSDC Conference & Business Opportunity Fair San Antonio Texas USA**
- **31 Oct 2013 - Certified Supplier Induction Webinar**

Events and programs

1 July 2013 - 30 June 2014



“Connect gave us an opportunity to learn from others in our field and network with all the right people. It was an excellent two days!”

- **12 June 2014 - The First Step, Melbourne**
Melbourne, VIC
- **23 Oct 2013 - New Member Induction**
Webinar
- **15 Oct 2013 - The First Step Sydney**
Sydney NSW
- **10 Oct 2013 - Perth Networking Drinks**
Perth WA
- **26 Sep 2013 - Certified Supplier Induction**
Webinar
- **17 Sep 2013 - NAB Procurement Forum for**
Certified Suppliers
Melbourne VIC
- **24 Sep 2013 - The First Step Canberra**
Canberra ACT
- **16-19 Sep 2013 - QLD Roadshow**
Brisbane, Townsville & Cairns QLD
- **5 Sep 2013 - Members Networking Event**
Sydney NSW
- **29 Aug 2013 - Certified Supplier Induction**
Webinar
- **5 & 6 August 2013 - The First Step Sydney**
Sydney NSW
- **21 Mar 2013 - Certified Supplier Induction**
Webinar
- **30 Jul 2013 - Executive Writing Workshop**
Sydney NSW
- **30 & 31 Jul 2013 - The First Step Perth**
Perth WA
- **31 Jul & 1 Aug - The First Step Perth**
Perth WA
- **10 Jul 2013 - NAIDOC Week Luncheon**
Sydney NSW

Boosting supplier diversity efforts

Supplier diversity in Australia is at a tipping point. Organisations are realising that diverse supply chains deliver savings and create positive change in Indigenous communities. Supply Nation provides the tools necessary to achieve these outcomes. However, using these tools still requires effort and dedication from Members and Certified Suppliers.

“Member-Supplier partnerships are an effective way of deepening a Member’s connection to Indigenous culture.”

To make their programs effective and sustainable, Members need to put the right settings in place inside their organisation. To have a truly successful program, it will take more than just Supply Nation membership. A dedicated Supplier Diversity Manager, measurable targets, a second tier program, a Reconciliation Action Plan (RAP) utilising Supply Nation’s Opportunities Board are just a few of the things Members can do to maximise their efforts.

There are also a number of things Certified Suppliers can do to maximise their attractiveness to our corporate and government Members. These include, but are not limited to, having a great pitch, utilising procurement legislation like Indigenous business exemption 17, and providing employment opportunities to Indigenous people.

MEMBER-SUPPLIER PARTNERSHIPS

Over the past year, a number of Members have teamed up with Certified Suppliers they purchase from to offer more support and assistance to help grow that Indigenous business. Members can leverage their significant knowledge and experience in order to help grow an Indigenous business they are working with – and in the process they can make their own supply chain more resilient, efficient, and innovative. Member-Supplier partnerships are also an effective way of deepening a Member’s connection to Indigenous culture and meeting RAP and corporate social responsibility targets. There are five basic principles Members can follow to help them build a successful partnership.

Leave perceptions at the door: A Supply Nation Certified business is not an organisation that sources its products off the land, returns all its profits to the community, and makes only cultural products. These are stereotypes of what an Indigenous business is. In reality, a Supply Nation Certified business is one that is 51 percent owned, operated and controlled by Indigenous people. That’s it. The social benefit comes automatically from the empowerment and employment of Indigenous people.

Meet the Supplier: A relationship that exists only via email and phone will never develop into a meaningful partnership. After identifying a potential partner, the Member should travel to the Certified Suppliers headquarters and meet the team. This will develop the relationship, as well as giving insights into the business model and challenges of the Certified Supplier

Be transparent and build sustainably: Members must be honest about what they want out of the relationship and what their limits are. By

Boosting supplier diversity efforts



working with them, in stages, to steadily develop their capabilities, Members will eventually have gained a valuable and sustainable supplier/buyer relationship.

Be flexible: Working with different cultures requires some flexibility and nuance. Members shouldn't expect a Certified Supplier to operate the same as other suppliers. That's not to say Members can't expect deadlines to be met and products to be of high quality, it just means allowances might have to be made for different cultural practices and procedures.

Commit: Members who contractually commit to buying a certain amount of products from the Certified Supplier they are in partnership with see more robust relationships develop. If designed well, it will expose the Member to little risk, while also making a world of difference to the Certified Supplier.

The beauty of a productive partnership is that it benefits both Members and Certified Suppliers. Suppliers get the necessary security, capital, and assistance to grow their business, which provides a boost to the Indigenous communities they are working in. For members, the benefit lies in the delivery of real

and quantifiable progress towards closing the gap, and an excellent new supplier/buyer relationship.

EXEMPTION 17

The Commonwealth Procurement Rules (CPR) are rules that govern the way the Federal Government makes purchases. They are split into two divisions. Division one contains the basic principles of government procurement, including; value for money, encouraging competition, and transparency. Division one rules must always be followed. Division two contains the rules surrounding the full tender process, where government departments or agencies release a Request for Tender on AusTender. There are a number of different exemptions to division two, including for competitive disability enterprise, small and medium businesses, and Indigenous businesses.

Exemption 17 states that a government department or agency can skip the full tender process if they award the contract to a small or medium business with at least 50% Indigenous ownership and that they still comply with the division one rules. Every Supply Nation Certified Supplier meets this criteria if they can also comply with division one.

Boosting supplier diversity efforts

“Supply Nation has developed a dedicated Opportunities Board where Members can post any RFXs, which can only be seen by Supply Nation Certified Suppliers.”

Exemption 17 is not well known by government departments, yet it represents a very significant opportunity for Indigenous business to jump ahead in the tender process. To utilise exemption 17, Certified Suppliers must identify an opportunity in Planned Procurement – a web portal showing the Government’s procurement plan for the year ahead. They then have to sit down with the agency or department that owns that opportunity. Next they have to negotiate, one on one, how they will be able to complete the project using exemption 17.

If the Certified Supplier is successful in getting through this process, they then have to write a formal letter to the agency outlining their business, the opportunity, and their ability to complete that opportunity on budget and using exemption 17. If the department or agency accepts this letter, it is not necessary to go to division two of the CPR.

Flexibility and perseverance by Certified Suppliers is necessary when negotiating exemption 17. It has only been used once before and is, therefore, lacking framework and precedence.

BOOSTING SUPPLIER DIVERSITY EFFORTS ONLINE

Of the 97% of Fortune 500 companies that have supplier diversity programs, almost all have a dedicated supplier diversity portal or website. The dedicated website shows that the business is serious about supplier diversity and that supplier diversity is open to all businesses. By being able to register efficiently online with a Member, it breaks down numerous barriers facing minority suppliers. It also has the added benefit of streamlining the whole process, thus allowing Members to have a standardised and efficient response to all requests for registration.

Supply Nation has developed a dedicated Opportunities Board where Members can post any RFXs, which can only be seen by Supply Nation Certified Suppliers. By centralising opportunities that Members have, the Opportunities Board allows suppliers with limited resources to survey RFXs from multiple Members in one spot. It also streamlines Members engagement with Supply Nation, rather than it being on an ad hoc basis.

RAP VERSUS NON-RAP MEMBERS

Organisations with a Reconciliation Action Plan (RAP) are more likely to spend money with Certified Suppliers. In the first two quarters of 2013/2014, of all Members who made purchases, those with a RAP spent on average \$346,000 with Certified Suppliers.

In comparison, Members without spent only \$228,000 – a difference of \$118,000 per Member or nearly \$8 million in total. Members with a RAP made nearly 400 purchases, while Members without only made 234. Members with a RAP also made purchases with a greater variety of Certified Suppliers – utilising the services of 60 of our Certified Suppliers, while Members without only used 45.

This trend is consistent because a RAP formalises an organisation’s broad commitment to do what it can to close the gap, including through its procurement spend. Supply Nation membership gives those organisations a partner through which they can achieve their Indigenous procurement

Boosting supplier diversity efforts



goals. Members without a RAP do not have the same formal commitment to spending with Indigenous business.

2ND TIERING

There are various situations when a second tier program can prove a rewarding option for Members.

They might have the majority of their procurement spend tied up in long term contracts, they simply cannot find Certified Suppliers suitable for first tier contracts, or they may have an advanced supplier diversity program that they are looking to expand.

A second tier supplier is one that sells goods or services to a first tier supplier, so that the first tier supplier can more efficiently fill the order of the customer. Developing a program assisting Indigenous businesses to work at the second tier, when there is no option for them to work at the first tier, is an effective way of bolstering a supplier diversity program.

Due to the scale of Certified Suppliers and the increasing size and complexity of first tier contracts of our Members, a second tier program can get Certified Supplier's foot in the door without posing too heavy a risk to the Member.

SOCIAL MEDIA AS A TOOL FOR SUPPLIER DIVERSITY

Social media is an effective and efficient way of giving the supplier diversity effort of Members an additional boost. The lack of barriers between Members and customers on social media ensures an open, positive and relaxed dialogue. It is important Members identify the right social media tool for their organisation.

A Member's target audience could be active across a range of networks including: Twitter, Facebook, Linked-In, Instagram or YouTube. Members should find out where their energies are best spent. Connecting with Supply Nation via social media is a good place to start!

Supply Nation continues to expand across Australia



	Members	Certified Suppliers	Emerging Certified Suppliers
Australian Capital Territory	23	3	0
New South Wales	55	96	6
Northern Territory	2	16	3
Queensland	9	55	9
South Australia	3	6	0
Tasmania	0	2	0
Victoria	33	17	1
Western Australia	16	50	2

Spreading the wealth: Certified Suppliers employ more Indigenous people



Indigenous Workforce %	
Supply Nation Certified Suppliers	48.8%
Mining	3.1%
Public Administration and Safety	2.8%
Arts & Recreational Services	2.0%

Memorandum of Understanding

Supply Nation and Business Council of Australia (BCA)



PREAMBLE

Supply Nation and the Business Council of Australia (BCA) believe that a thriving, growing Indigenous business sector is good for our communities, economy and our future. Together, our organisations will forge new links – and strengthen existing links – between large mainstream businesses and Indigenous enterprises and entrepreneurs to bring mutual benefits and drive greater Indigenous economic engagement.

The BCA facilitates the contribution of more than 100 of Australia's most successful business leaders to the development of public policy supporting long-term economic growth for the benefit of the nation and all Australians. Our members believe Indigenous social and economic inclusion is critical to national prosperity.

Supply Nation is Australia's premier business-to-business membership body dedicated to growing diversity within the supply chain. Supply Nation's mission is to connect Australian corporate and government organisations with Certified Indigenous Suppliers who are already achieving success or have the potential to develop into vibrant, vital businesses. Its aim is to ensure that Certified Indigenous Suppliers have the opportunity to be integrated into the supply chains of Australian companies and government agencies.

INTENT

This agreement will support both the BCA and Supply Nation, allowing us to develop and embed the right capabilities within our member businesses and Supply Nation's Certified Suppliers to ensure supplier diversity becomes a standard practice in Australian business. Where relevant, we'll collaborate in helping to create a business and policy environment that encourages and acknowledges good supplier diversity practice. We'll draw from the experiences of our members to build and promote the business case for supplier diversity.

PARTIES

This is a Memorandum of Understanding (MOU) between:
Business Council of Australia
and Supply Nation

IMPLEMENTATION AND RELATIONSHIP

- BCA CEO and Supply Nation CEO will meet annually to review outcomes and plan the year ahead.
- There will be quarterly scheduled meetings between the BCA secretariat and Supply Nation staff.
- Supply Nation will attend one Business–Indigenous Network meeting annually to discuss member feedback/issues.
- The parties will arrange joint networking and knowledge-sharing events.
- The annual BCA Indigenous engagement member survey will be used to track member procurement activities and identify growth areas for Indigenous business development.
- Successful BCA/Supply Nation member partnerships will be profiled in the annual BCA Indigenous Engagement Survey report.
- BCA to use and/or profile Supply Nation Certified Supplier/s at BCA events where possible.

PROJECTS

Supply Nation and the BCA will explore joint projects evaluating the business and community benefits of supplier diversity.

ADVOCACY

Our joint advocacy will aim to create the right policy settings to incentivise and recognise best practice in supplier diversity.

Memorandum of Understanding

Supply Nation and American Chamber of Commerce in Australia



PREAMBLE

The American Chamber of Commerce in Australia (AmCham) is an advocate of Supply Nation's goal of forging new links – and strengthens existing links – between large mainstream businesses and Indigenous enterprises and entrepreneurs, to bring mutual benefits and drive greater Indigenous economic engagement.

AmCham members represent multinational, national, state and local businesses who are committed to supporting Australia's Indigenous entrepreneurs impact the supply channel locally and internationally. Our members believe Indigenous social and economic inclusion is critical to both national and economic prosperity

Supply Nation's mission is to connect Australian corporate and government organisations with Certified Indigenous Suppliers who are already achieving success or have the potential to develop into vibrant, vital businesses. Its aim is to ensure that Certified Indigenous Suppliers have the opportunity to be integrated into the supply chains of Australian companies and government agencies.

INTENT

This agreement will support both the AmCham and Supply Nation, allowing us to develop and embed the right capabilities within our member businesses and Supply Nation's Certified Suppliers to ensure supplier diversity becomes a standard practice in Australian business.

PARTIES

This is a Memorandum of Understanding (MOU) between:
American Chamber of Commerce in Australia
and
Supply Nation

IMPLEMENTATION AND RELATIONSHIP

- AmCham CEO and Supply Nation CEO will meet annually to review outcomes and plan the year ahead.
- There will be quarterly scheduled meetings between the AmCham Leadership and Supply Nation Leadership.
- The parties will arrange joint networking and knowledge-sharing events.
- AmCham to use and/or profile Supply Nation Certified Supplier/s at AmCham events where possible.

PROJECTS

- AmCham will instigate an Indigenous engagement member survey to track member procurement activities and identify growth areas for Indigenous business development.

Directors' report

For the year ended 30 June 2014

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 2014 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 directorship

Leah Armstrong
Director
Resigned 9 December 2013

Appointed as director on 22 December 2008. Founding board member of Australian Indigenous Minority Supplier Council. Chairperson Indigenous Business Policy Advisory Group. CEO of Reconciliation Australia. Board member of Jobs Australia Foundation.

Anthony Hollis
Director
Resigned 9 December 2013

Appointed as a director on 22 December 2008. Member of the boards of the Northern Sydney Local Health District and NSW Export & Investment Advisory Board. Executive with Kronos, the global leader in workforce management. ICT, digital and social media marketing 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 CanWest Asia Pacific (Canada) as its representative on the Board of Network Ten.

Stephen Roberts
Director, Chairman
Chair, Nominations Committee

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.

Elizabeth Broderick
Director
Member, Nominations Committee

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.

Directors' report

For the year ended 30 June 2014

Name and responsibilities

Qualifications, experience and other directorship

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 and the Business Council of Australia.

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. In his role as Executive Director - Human Resources Pacific for Compass Group, George is responsible for HR/IR; Risk Management; Health, Safety, Environment and Quality; and Media Relations. George joined Compass Group, the world's largest catering, hospitality and support services organisation, 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 has achieved a number of milestones in its pursuit to promote Indigenous economic development including 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 Australian Mines and Metals Association (AMMA) "Industry Innovation" Award in recognition of their pioneering role in implementing Indigenous joint venture and employment strategies.

He is a committed advocate of sustainable outcomes in the area of both Indigenous employment and Indigenous business.

George currently holds several board positions including Restaurant and Catering Australia and Sydney Convention and Exhibition Centre (SCEC) and is also on the KIDS Foundation Industry Advisory Committee and the Australian School of Business (UNSW) HR Advisory Committee.

Directors' report

For the year ended 30 June 2014

Name and responsibilities

Qualifications, experience and other directorship

Laura Berry
Director
Appointed 9 December 2013
Member, Audit & Risk Committee

Laura is currently the Head of Community at Qantas. Laura joined Qantas in February 2011 and has responsibility for Qantas' community investment function, including the Qantas Reconciliation Program, the Qantas Foundation, Community Partnerships, Workplace Giving and Qantas History and Heritage. Prior to joining Qantas, Laura worked for Leighton Holdings Ltd where she implemented the group-wide Indigenous Participation Policy and managed long-term community partnerships under the Leighton Corporate Community Investment program. Laura is currently the Deputy Chair of Career Trackers Indigenous Internship Program. Laura proudly identifies with her Aboriginal and Italian heritage.

Roger Allen
Director
Appointed 9 December 2013

Roger Allen has had three careers... 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 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.

Michael McLeod
Director
Appointed 9 December 2013

Michael McLeod is CEO and a founding Director of Message Stick. 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. 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.

Shane Jacobs
Director
Appointed 9 December 2013

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 &

Name and responsibilities

Qualifications, experience and other directorship

Adam Goodes
Director
Appointed 8 April 2014

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.

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 is 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.

Directors' report

For the year ended 30 June 2014

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:

In AUD	Board Meetings Entitled		Audit & Risk Committee Meetings		Nominations Committee Meetings	
	Attend	Entitled	Attend	Entitled	Attend	Entitled
Leah Armstrong	3	3	-	-	-	-
Anthony Hollis	1	3	-	-	-	-
Stephen Roberts	7	7	-	-	1	1
Gavin Bell	2	7	-	-	-	-
Elizabeth Broderick	6	7	-	-	1	1
George Mifsud	6	7	4	4	-	-
Laura Berry	6	6	1	1	-	-
Shane Jacobs	6	6	-	-	-	-
Michael McLeod	4	6	-	-	-	-
Roger Allen	3	6	-	-	-	-
Adam Goodes	-	-	-	-	-	-

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.

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 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 2014 was \$777,210 (2013: surplus \$48,922).

Measures of performance

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

Directors' report

For the year ended 30 June 2014

- 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.

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 2014.

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



Stephen Roberts
Chairperson

Dated at Sydney this 8th day of September 2014

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

To: the directors of 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 2014, there have been:

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

KPMG



Sydney
8 September 2014

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

In AUD	Note	2014	2013
Revenue			
Government grants		2,157,401	2,224,433
Event income		508,658	479,364
Membership income		823,344	-
Other income	4	238,947	68,285
Revenue and other income		3,728,350	2,772,082
Personnel expenses	5	(1,520,230)	(1,371,426)
Equipment expenses		(19,460)	(42,964)
Event management expenses		(696,178)	(526,814)
Marketing expenses		(171,297)	(218,996)
Travel expenses		(97,786)	(142,390)
Depreciation expense		(20,504)	(18,844)
Administration expenses		(83,962)	(107,241)
Accounting and audit fees		(76,660)	(68,250)
Other professional fees		(104,167)	(138,520)
Information technology costs		(86,660)	(87,715)
Program delivery expense		(74,236)	-
Expenses		(2,951,140)	(2,723,160)
Surplus before income tax		777,210	48,922
Income tax expense	3(h)	-	-
Surplus for the year		777,210	48,922
Other comprehensive income		-	-
Total comprehensive income for the year		777,210	48,922

The notes on pages 33 to 43 are an integral part of these financial statements.

Statement of financial position

As at 30 June 2014

In AUD	Note	2014	2013
Assets			
Cash and cash equivalents	6(a)	982,565	98,432
Prepayments		26,115	3,899
Other receivables		21,759	49,019
Government grant receivable		225,808	240,987
Total current assets		1,256,247	392,337
Property, plant and equipment	7	61,706	56,042
Intangible assets	8	50,045	-
Total non-current assets		111,751	56,042
Total assets		1,367,998	448,379
Liabilities			
Trade and other payables	9	103,003	73,567
Goods and services tax		35,408	39,663
Employee benefits	10	88,280	77,948
Provisions	11	17,126	22,852
Deferred income	12	243,122	130,500
Total current liabilities		486,939	344,530
Total liabilities		486,939	344,530
Net assets		881,059	103,849
Accumulated funds			
Retained surplus		881,059	103,849
Total accumulated funds		881,059	103,849

The notes on pages 33 to 43 are an integral part of these financial statements.

Statement of changes in members' funds

For the year ended 30 June 2014

In AUD	Retained surplus	Total funds
Balance at 1 July 2012	54,927	54,927
Total comprehensive income for the year		
Surplus for the year	48,922	48,922
Other comprehensive income	-	-
Total comprehensive income for the year	48,922	48,922
Balance at 30 June 2013	103,849	103,849
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	777,210	777,210
Balance at 30 June 2014	881,059	881,059

The notes on pages 33 to 43 are an integral part of these financial statements.

Statement of cash flows

As at 30 June 2014

In AUD	Note	Retained surplus	Total funds
Cash flows from operating activities			
Cash receipts from government grants		2,439,568	2,107,536
Cash receipts from membership fees		1,029,563	130,500
Other cash receipts		757,767	536,095
Cash paid to suppliers and employees		(3,286,107)	(2,730,854)
Cash generated from operations		940,791	43,277
Interest received		19,555	1,554
Net cash from operating activities	6(b)	960,346	44,831
Cash flows from investing activities			
Acquisition of property, plant and equipment		(26,168)	(13,540)
Acquisition of intangibles		(50,045)	-
Disposal of property, plant and equipment		-	2,419
Net cash used in investing activities		(76,213)	(11,121)
Net increase in cash and cash equivalents		884,133	33,710
Cash and cash equivalents at beginning of year		98,432	64,722
Cash and cash equivalents at end of year	6(A)	982,565	98,432

The notes on pages 33 to 43 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2014

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 2014. 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 8 September 2014.

(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.

(e) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- i. AASB 13 Fair Value Measurement
- ii. AASB 119 Employee Benefits (2011)

(i) Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Company has included additional disclosures, where appropriate, in this regard.

In accordance with the transitional provisions of AASB 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures.

Notes to the financial statements

For the year ended 30 June 2014

Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

(ii) Annual leave

In the current year, the Company adopted AASB 119 Employee Benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

As a result of the change, the annual leave liability for certain employees may be considered to be an 'other long-term' employee benefit, when previously it was a short-term benefit. The Company's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

The Company has applied the new policy retrospectively in accordance with the transitional provision of the standard. The change had no significant impact on the measurements of the Company's assets and liabilities.

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.

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

Notes to the financial statements

For the year ended 30 June 2014

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).

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 4-5 years

Notes to the financial statements

For the year ended 30 June 2014

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.

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

Notes to the financial statements

For the year ended 30 June 2014

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 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.

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of

Notes to the financial statements

For the year ended 30 June 2014

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 - to 30 June 2013

In accordance with a funding agreement ("the Agreement") dated 30 June 2009 between the Company and the Department of the Prime Minister and Cabinet (PM&C) formerly the 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 ended 30 June 2013.

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 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 Company does not spend the funds in accordance with 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.

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

In accordance with a new 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 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.

Notes to the financial statements

For the year ended 30 June 2014

(iv) Membership fees

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

(v) 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 donation 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 and legal fees received pro-bono by the Company.

(vi) 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.

Accordingly, the Company recognises these funds as revenue in the statement of 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.

Notes to the financial statements

For the year ended 30 June 2014

4 Other income

In AUD	2014	2013
Interest income	19,555	1,554
In-kind donations	39,171	10,000
Other event income	80,824	43,840
Other income	27,546	12,891
Program delivery income	71,851	-
	238,947	68,285

5 Personnel expenses

In AUD	2014	2013
Wages and salaries	1,389,388	1,258,195
Increase in liability for annual leave	1,395	6,020
Increase in liability for long service leave	3,408	(1,223)
Contributions to defined contribution plans	126,039	108,434
	1,520,230	1,371,426

6 Cash and cash equivalents

(a) Cash and cash equivalents

In AUD	2014	2013
Cash at bank and on hand	982,565	98,432

(b) Reconciliation of cash flows from operating activities

In AUD	2014	2013
Profit for the year	777,210	48,922
Adjustments for:		
Depreciation	20,504	18,844
	797,714	67,766
Change in prepayments	(22,216)	3,727
Change in trade and other receivables	(17,949)	(39,829)
Change in government grant receivable	60,388	(71,688)
Change in trade and other payables	29,436	(128,712)
Change in goods and services tax	(4,255)	64,558
Change in employee benefits	10,332	5,685
Change in provisions	(5,726)	12,824
Change in deferred income	112,622	130,500
Net cash flows from operating activities	960,346	44,831

Notes to the financial statements

For the year ended 30 June 2014

7 Property, plant and equipment

In AUD	Plant & Equipment	Total
Cost		
Balance at 1 July 2013	75,808	75,808
Additions	26,168	26,168
Balance at 30 June 2014	101,976	101,976
Accumulated depreciation		
Balance at 1 July 2013	19,766	19,766
Depreciation for the year	20,504	20,504
Balance at 30 June 2014	40,270	40,270
Carrying amounts		
At 1 July 2013	56,042	56,042
At 30 June 2014	61,706	61,706

8 Intangible assets

In AUD	Website	Total
Cost		
Balance at 1 July 2013	-	-
Additions	50,045	50,045
Balance at 30 June 2014	50,045	50,045
Accumulated depreciation		
Balance at 1 July 2013	-	-
Depreciation for the year	-	-
Balance at 30 June 2014	-	-
Carrying amounts		
At 1 July 2013	-	-
At 30 June 2014	50,045	50,045

Website development costs have not been amortised for the year ended 30 June 2014 as the asset is still under development and not yet available for use.

9 Trade and other payables

In AUD	2014	2013
Accrued expenses	103,003	73,567

Notes to the financial statements

For the year ended 30 June 2014

10 Employee benefits

In AUD	2014	2013
Current		
Salary, wages, and superannuation accrued	36,816	31,287
Liability for annual leave	45,509	44,114
Liability for long-service leave	5,955	2,547
	88,280	77,948

11 Provisions

In AUD	2014	2013
Provision for lease straight-lining	17,126	22,852

12 Deferred income

In AUD	2014	2013
Membership income received in advance	200,278	130,500
IBA funding surplus	42,844	-
	243,122	130,500

13 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In AUD	2014	2013
Less than one year	159,219	131,020
Between one and five years	119,380	256,951
	278,599	387,971

14 Capital and other commitments

In AUD	2014	2013
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for		
Within one year	4,538	9,334
One year or later and no later than five	480	5,017
	5,018	14,351

15 Contingent liabilities

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

In AUD	2014	2013
Operating lease security deposit guarantee	30,938	30,938

Notes to the financial statements

For the year ended 30 June 2014

16 Related parties

Key management personnel compensation

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

In AUD	2014	2013
Short-term employee benefits	247,500	217,672
Post-employment benefits	22,894	17,234
	270,394	234,906

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

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

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 \$8,348 (2013: \$6,244) at arms length commercial rates. Message Stick Communications Pty Ltd also provided sponsorship of \$13,750 for the 2014 Connect event (2013: \$nil). 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 2014 was \$592 (2013: \$nil).

During the year the Company acquired legal services from Herbert Smith Freehills to the value of \$28,871 as an in-kind donation (2013: \$29,257 at arm's length commercial rates). The Company's Director, Gavin Bell was the Chief Executive Officer of Herbert Smith Freehills until 30 April 2014.

During the year the Company acquired hospitality services from Compass Group to the value of \$1,937 (2013: \$602) at arms length commercial rates. Compass Group also provided sponsorship of \$26,400 for the 2014 Connect event (2013: \$nil). The Company's Director, George Mifsud is the Human Resources Director of Compass Group. There were no balances outstanding as at 30 June 2014 (2013: \$nil).

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.

17 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 2014.

18 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

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 23 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 2014 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:



Stephen Roberts
Director

Dated at Sydney this 8th day of September 2014



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 2014, 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 18 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.

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 2014 and of its performance for the year ended on that date; and



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

(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
8 September 2014

