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

ABN 50 134 720 362

General Purpose Tier 2 Financial Report
(Reduced Disclosure Requirements)

30 June 2016

Contents

Directors' report

For the year ended 30 June 2016

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 2016 and the auditor's report thereon.

1 Directors

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

Name and responsibilities	Qualifications, experience and other directorships
Leah Armstrong *Chair, Board of Directors* *Appointed 25 March 2015*	Leah, a Torres Strait Islander, has over 20 year's business and not for profit experience. Leah has a strong demonstrated track record in achieving organisational results, creation and maintenance of strong networks and stakeholder relationships by working collaboratively with governments, community and the private sector. As the CEO of Reconciliation Australia from 2010-2014, Leah led Reconciliation Australia into becoming a professional, trusted and innovative organisation. Leah was a co-founder of Yarnteen Ltd (1992-2009) — a successful Indigenous enterprise operating several commercial ventures including bulk warehousing, a car wash, a building company and a property portfolio. In 2009, The Australian Financial Review Boss Magazine recognised Leah as a "True Leader" and in 2012 Leah was recognised in the inaugural 2012 Australian Financial Review/Westpac 100 Influential Women Awards. Leah is a member of the Prime Minister's Indigenous Advisory Council, a Board Member of Career Trackers, a Fellow of the University of Sydney Senate and is Chair of The Smith Family Indigenous Advisory Group. She also held previous Board positions with Indigenous Business Australia and was the Chair of the Indigenous Business Policy Advisory Group. In 2010, Leah hiked the Kokoda Track as a mentor with the Jobs Australia Foundation Indigenous Youth Leadership Program.
George Mifsud *Director* *Chair, Audit & Risk Committee* *Appointed 24 October 2012*	Appointed as a Director to Supply Nation on 24 October 2012. Over the last 25 years George Mifsud has held senior Executive Leadership roles both nationally and internationally. In his role as Executive Director –Compass Group (1999 to 2014), George was 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 George's leadership, Compass Group 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 our pioneering role in implementing Indigenous joint venture and employment strategies, the Restaurant and Catering George Muir Professional Development award for Indigenous Development programs in 2013 . The Supply Nation of the year Corporate member in 2014.

1 Directors (continued)

Name and responsibilities	Qualifications, experience and other directorship
George Mifsud *Director* *Chair, Audit & Risk Committee* (continued)	He is a committed advocate of sustainable outcomes in the area of both Indigenous employment and Indigenous business. George currently sits on a number of Boards and committees including Restaurant & Catering Australia, Supply Nation (formerly AIMSC), the Sydney Montessori School is a Director of the Indigenous Defence Consortium. George is a graduate and member of the Australian Institute of Company Directors.
Adam Goodes *Director* *Appointed 26 August 2014*	Adam is an AFL champion, Indigenous role model and community focused leader. Adam is a proud ambassador for the Racism it Stops with Me campaign, a White Ribbon ambassador for over 10 years, and also advocate for the RECOGNISE campaign to see Aboriginal and Torres Straight Islander peoples acknowledged in Australia's Constitution. In 2004, Adam was invited to join the National Indigenous Council (NIC), an advisory body to the Federal Government on Indigenous affairs. The NIC meets 4-5 times each year in Canberra to discuss Indigenous issues and provide expert advice to the Government on improving outcomes for Indigenous Australians. Adam found his 4 years on the NIC very educational, learning how the Government approaches Indigenous issues. Adam believes education is the best tool we can have. He and his long-time team mate and family member Michael O'Loughlin started their own foundation - Goodes O'Loughlin (GO) Foundation. The Foundation grants scholarships to Sydney based Indigenous boys and girls to go to the best schools in Sydney. They currently have 17 children on GO scholarships.
Justin Mohamed *Director* *Appointed 17 December 2015*	Justin Mohamed is the Chief Executive Officer of Reconciliation Australia and a proud Aboriginal man of the Gooreng Gooreng nation near Bundaberg in Queensland. Justin has dedicated the past 25 years to working towards building a stronger and healthier nation for Aboriginal and Torres Strait Islander peoples. Justin believes that better health is linked to the positive outcomes of reconciliation, and that achieving better health for his people will lead to improved education and employment outcomes, financial security, social participation and respect. At Reconciliation Australia, Justin leads the organisation in its vision to create a more just, equitable and reconciled Australia through key programs and initiatives, including Reconciliation Action Plans, Narragunnawali Reconciliation in Schools and Early Learning, and National Reconciliation Week.

1 Directors (continued)

Name and responsibilities	Qualifications, experience and other directorship
Patrick Chaney *Director* *Appointed 23 March 2016*	Patrick Chaney is a seasoned construction management professional with 20 years' experience in commercial projects in regional and metropolitan Western Australia. For the last three years, Patrick has worked as a consultant and manager in property development. For just under two years, Patrick worked with NANA Australia a subsidiary of NANA Development Corporation (US Aboriginal Corporation). During his tenure with NANA Australia, Patrick developed a number of indigenous and non-indigenous clients, including indigenous corporations, government agencies, private and not for profit developers. Patrick has extensive experience in local, state and federal government procurement and contracting and the development and execution of strategies in securing government contracts. Patrick is currently General Manager Projects with the St Ives Group, the leading provider of retirement living accommodation in WA. Patrick's role with St Ives sees him in charge of all new developments and the redevelopment of the existing property assets of the company.
Jenny Boddington *Director* *Appointed 23 March 2016*	Until July 2016, Jenny Boddington was Global Head, Bancassurance for QBE Group. In that role she was responsible for driving QBE's insurance business with financial institutions. Prior to that, Jenny Boddington was CEO and a Director of QBE Lenders' Mortgage Insurance Limited. She was also a Director of QBE Mortgage Insurance (Asia) Limited based in Hong Kong and Executive General Manager of Financial Institutions at QBE, responsible for bancassurance in the region, and also responsible for marketing, organisational excellence, change and communications. Prior to her appointment as CEO, Jenny oversaw the Risk and Operations function of the business bringing together Underwriting and Customer Services, Claims and Loss Mitigation, Business Solutions and Technology and Credit Risk Management Business units. Before Jenny's appointment to this role in March 2008, she was head of new business ventures for QBE LMI. Jenny has more than 23 years' experience in strategy, investment banking and private equity. Prior to joining QBE LMI, Jenny was Director of Private Equity for Deutsche Asset Management and before that she was a Director of Deutsche Bank investment banking in Sydney and in London. Jenny has a Masters Honours degree in Metallurgy, Economics and Industrial Management from Oxford University.

1 Directors (continued)

Name and responsibilities	**Qualifications, experience and other directorship**
Roger Allen *Director* *Resigned 23 September 2015*	Roger Allen has had three careers...as an entrepreneur, Venture Capitalist and philanthropist. His career began from a small Melbourne suburb where he built the Computer Power Group into a substantial global IT business employing over 3000 people with revenues in today's dollars of over $1 billion. Subsequently he co-founded Allen & Buckeridge Pty Ltd, a Venture Capital company which provided over $300m of much needed capital to over 50 early stage companies, of which 20 derived directly from University research and development. Roger's main focus in philanthropy is applying Venture Capital principles to social enterprises with the objective of helping social entrepreneurs create sustainable businesses with a social dividend. He has established and funded Indigenous Capital Limited to provide early stage Venture Capital and expertise to indigenous business as well as investing in two businesses helping indigenous communities create sustainable economic activity.
Michael McLeod *Director* *Resigned 13 November 2015*	Michael McLeod is CEO and a founding Director of Message Stick. Michael took up his position in January 2004. Michael is a Ngarrindjeri Monaro man from Southern NSW. His journey to this new role in corporate Australia is not the typical route of Australia's senior businesspeople. In 1962, at 12 years of age, Michael was removed from his mother and family. He was not to know his father. He did not see his mother again until Michael was 18, when they first met at his father's funeral in 1979. In his early thirties. Michael overcame serious drug and alcohol addictions that almost claimed his life. Michael then spent time in assisting the rehabilitation of others. During this period he accepted a position with the Illawarra Area Health Service as an Aboriginal Health Officer, providing programs and workshops to Aboriginal communities from Helensburgh to Ulladulla. Along with Dug Russell he was instrumental in founding Supply Nation, Australia's first ever minority supplier development council. His future is aimed at advocating the need for Australian society (particularly the private sector and our Governments) to embrace, and support, the challenge Indigenous people face when his people begin the journey towards economic independence. He is currently the chairperson of Career Trackers.
Gavin Bell *Director* *Resigned 28 January 2016*	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.

2 Director's meetings

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

Director	Board meetings		Audit & Risk Committee meetings		Nominations Committee meetings	
	Attend	**Entitled**	**Attend**	**Entitled**	**Attend**	**Entitled**
Leah Armstrong (Chairperson)	6	6	7	7	2	2
Gavin Bell	4	4	-	-	-	-
George Mifsud	6	6	7	7	2	2
Michael McLeod	0	2	-	-	-	-
Roger Allen	0	2	-	-	-	-
Adam Goodes	3	6	-	-	-	-
Justin Mohamed	3	4	-	-	-	-
Jenny Boddington	2	2	-	-	-	-
Patrick Chaney	3	3	-	-	-	-

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 registered or certified by Supply Nation as majority Indigenous owned, controlled and managed
- Educate members and suppliers as to the strategies and initiatives that make successful supply relationships in the supplier diversity context

Long-term objectives and strategies

- Supply Nation 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 Supply Nation will support its members and certified suppliers to build commercial relationships

5 Review of operations and performance

The deficit after tax of the Company for the year ended 30 June 2016 was $448,882 (2015: surplus $1,481,615).

Measures of performance

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

6 Subsequent events

Subsequent to year end, the Company executed a new funding agreement with the Department of Prime Minister & Cabinet. The agreement is for $2.3m for the next two financial years, ending 30 June 2018

7 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the financial year ended 30 June 2016.

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

Leah Armstrong
Director

Dated at Sydney this 21st day of September 2016

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

To: the directors of Australian Indigenous Minority Supplier Office Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016, 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

KPMG

Tony Nimac
Partner

Sydney
21 September 2016

Australian Indigenous Minority Supplier Office Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

In AUD	*Note*	2016	2015
Revenue			
Government grants		1,243,912	3,196,061
Event income		824,590	678,753
Membership income		1,358,153	1,138,666
Other income	*4*	73,037	144,994
Revenue and other income		3,499,692	5,158,474
Personnel expenses	*5*	(1,508,979)	(1,544,635)
Equipment expenses		(28,182)	(26,796)
Event management expenses		(839,347)	(764,245)
Marketing expenses		(120,113)	(100,508)
Travel expenses		(143,488)	(127,514)
Depreciation expense		(34,638)	(31,304)
Administration expenses		(141,658)	(47,714)
Accounting and audit fees		(77,670)	(82,225)
Other professional fees		(205,846)	(412,589)
Information technology costs		(848,653)	(489,529)
Program delivery expense		-	(49,800)
Expenses		(3,948,574)	(3,676,859)
(Deficit)/surplus before income tax		(448,882)	1,481,615
Income tax expense	*3(h)*	-	-
(Deficit)/surplus for the year		(448,882)	1,481,615
Other comprehensive income		-	-
Total comprehensive income for the year		(448,882)	1,481,615

The notes on pages 13 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Statement of financial position

As at 30 June 2016

In AUD	*Note*	**2016**	**2015**
Assets			
Cash and cash equivalents	*6(a)*	2,877,508	2,055,296
Prepayments		13,946	28,986
Other receivables	*7*	5,780	509,229
Government grant receivable		-	657,400
Total current assets		2,897,234	3,250,911
Property, plant and equipment	*8*	13,586	48,224
Intangible assets	*9*	90,339	-
Total non-current assets		103,925	48,224
Total assets		3,001,159	3,299,135
Liabilities			
Trade and other payables	*10*	88,865	168,860
Goods and services tax		63,443	31,618
Employee benefits	*11*	84,844	111,394
Provisions	*12*	-	11,513
Deferred income	*13*	838,501	602,502
Total current liabilities		1,075,653	925,887
Employee benefits	*11*	11,714	10,574
Total non-current liabilities		11,714	10,574
Total liabilities		1,087,367	936,461
Net assets		1,913,792	2,362,674
Accumulated funds			
Retained surplus		1,913,792	2,362,674
Total accumulated funds		1,913,792	2,362,674

The notes on pages 13 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Statement of changes in members' funds
For the year ended 30 June 2016

In AUD	**Retained surplus**	**Total accumulated funds**
Balance at 1 July 2014	881,059	881,059
Total comprehensive income for the year		
Surplus for the year	1,481,615	1,481,615
Other comprehensive income	-	-
Total comprehensive income for the year	1,481,615	1,481,615
Balance at 30 June 2015	2,362,674	2,362,674
Balance at 1 July 2015	2,362,674	2,362,674
Total comprehensive income for the year		
Deficit for the year	(448,882)	(448,882)
Other comprehensive income	-	-
Total comprehensive loss for the year	(448,882)	(448,882)
Balance at 30 June 2016	1,913,792	1,913,792

The notes on pages 13 to 22 are an integral part of these financial statements.

Australian Indigenous Minority Supplier Office Limited

Statement of cash flows

For the year ended 30 June 2016

In AUD	*Note*	2016	2015
Cash flows from operating activities			
Cash receipts from government grants		2,334,640	3,040,916
Cash receipts from membership fees		1,510,370	1,647,851
Other cash receipts		930,783	852,668
Cash paid to suppliers and employees		(3,903,703)	(4,488,867)
Cash generated from operations		872,090	1,052,569
Interest received		40,461	37,984
Net cash from operating activities	*6(b)*	912,551	1,090,553
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(17,824)
Acquisition of intangibles		(90,339)	-
Net cash used in investing activities		(90,339)	(17,824)
Net increase in cash and cash equivalents		822,212	1,072,729
Cash and cash equivalents at beginning of year		2,055,296	982,567
Cash and cash equivalents at end of year	*6(a)*	2,877,508	2,055,296

The notes on pages 13 to 22 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2016

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 2016. 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 21 September 2016.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

3 Significant accounting policies

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

(a) Financial instruments

(i) *Non-derivative financial assets*

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

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

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

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

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

Loans and receivables

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

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

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

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

(ii) *Non-derivative financial liabilities*

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

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

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

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

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

(ii) *Subsequent costs*

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

(iii) *Depreciation*

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

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

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

- Plant and equipment 4-5 years

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

(c) Intangible assets

(i) *Research and development*

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

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

3 Significant accounting policies (continued)

(c) Intangible assets (continued)

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

(ii) *Subsequent expenditure*

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

(iii) *Amortisation*

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

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

- Website 3 years

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

(d) Impairment

(i) *Non-derivative financial assets*

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

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

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

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

3 Significant accounting policies (continued)

(d) Impairment (continued)

(ii) *Non-financial assets*

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

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

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

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

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

(e) Employee benefits

(i) *Defined contribution plans*

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

(ii) *Other long-term employee benefits*

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

(iii) *Short-term benefits*

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

3 Significant accounting policies (continued)

(f) Lease payments

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

(g) Revenue

(i) *Government grants*

Government grant revenue is recognised in accordance with the respective funding agreement. The Company recognised these funds 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 agreement. These funds are thereafter recognised as revenue in the statement of profit or loss and other comprehensive income in the period which the services are provided, having regard to the stage of completion of the service obligations, where a performance and return obligation exists. Where no such obligation exists, the grants are recognised when the right to receive the grant is established on a pro rata basis as contributions received/ receivable.

(ii) *Membership fees*

Membership fees are recognised as revenue over the period to which they relate. Membership fees are recognised based on a members anniversary date.

(iii) Event income is received by the Company through holding sponsorship events and gatherings. This income is recognised in the period to which it relates.

(iv) *Other income*

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

(v) *In-kind donations*

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

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

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

(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.

4 Other income

In AUD	2016	2015
Interest income	40,461	37,984
In-kind donations	11,000	10,610
Other event income	-	32,714
Other income	20,576	9,668
Program delivery income	1,000	54,018
	73,037	144,994

5 Personnel expenses

In AUD	2016	2015
Wages and salaries	1,392,208	1,398,632
(Decrease)/increase in liability for annual leave	(6,822)	9,367
Increase in liability for long service leave	1,140	4,619
Contributions to defined contribution plans	122,453	132,017
	1,508,979	1,544,635

6 Cash and cash equivalents

(a) Cash and cash equivalents

In AUD	2016	2015
Cash at bank and on hand	2,877,508	2,055,296

(b) Reconciliation of cash flows from operating activities

In AUD	2016	2015
Profit for the year	(448,882)	1,481,615
Adjustments for:		
Depreciation	34,638	31,304
Impairment of intangible assets	-	50,045
	(414,244)	1,562,964
Change in prepayments	15,040	(2,871)
Change in trade and other receivables	503,449	(487,470)
Change in government grant receivable	657,400	(431,592)
Change in trade and other payables	(79,995)	65,857
Change in goods and services tax	31,825	(3,790)
Change in employee benefits	(25,410)	33,688
Change in provisions	(11,513)	(5,613)
Change in deferred income	235,999	359,380
Net cash flows from operating activities	912,551	1,090,553

7 Other receivables

In AUD	**2016**	**2015**
Cash on deposit	-	509,488
Other receivables	5,780	7,927
	5,780	517,415

8 Property, plant and equipment

In AUD	**Plant and equipment**	**Total**
Cost		
Balance at 1 July 2015	119,797	119,797
Additions	-	-
Balance at 30 June 2016	119,797	119,797
Accumulated depreciation		
Balance at 1 July 2015	71,573	71,573
Depreciation for the year	34,638	34,638
Balance at 30 June 2016	106,211	106,211
Carrying amounts		
At 1 July 2015	48,224	48,224
At 30 June 2016	13,586	13,586

9 Intangible assets

In AUD	**Website**	**Total**
Cost		
Balance at 1 July 2015	-	-
Additions	90,339	90,339
Balance at 30 June 2016	90,339	90,339
Accumulated amortisation		
Balance at 1 July 2015	-	-
Impairment expense	-	-
Balance at 30 June 2016	-	-
Carrying amounts		
At 1 July 2015	-	-
At 30 June 2016	90,339	90,339

Website development costs have not yet been amortised for the year ended 30 June 2016 as the asset is still under development and not yet available for use.

Notes to the financial statements (continued)

For the year ended 30 June 2016

10 Trade and other payables

In AUD	2016	2015
Trade payables	50,741	-
Accrued expenses	38,124	168,860
	88,865	168,860

11 Employee benefits

In AUD	2016	2015
Current		
Salary, wages, and superannuation accrued	36,789	56,518
Liability for annual leave	48,055	54,876
	84,844	111,394
Non-current		
Liability for long-service leave	11,714	10,574
	11,714	10,574

12 Provisions

In AUD	2016	2015
Provision for lease straight-lining	-	11,513

13 Deferred income

In AUD	2016	2015
Membership income received in advance	617,413	602,502
Government grant received in advance	221,088	-
	838,501	602,502

14 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In AUD	2016	2015
Less than one year	-	140,052
	-	140,052

15 Capital and other commitments

In AUD	2016	2015
Capital expenditure commitments		
Contracted but not provided for		
Within one year	57,312	480
One year or later and no later than five	-	-
	57,312	480

Notes to the financial statements (continued)

For the year ended 30 June 2016

16 Contingent liabilities

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

In AUD	**2016**	**2015**
Operating lease security deposit guarantee	30,938	30,938

17 Related parties

Key management personnel compensation

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

In AUD	**2016**	**2015**
Short-term employee benefits	259,316	186,250
Post-employment benefits	34,438	17,957
	293,754	204,207

In addition to their salaries, the Company also contributes to a post-employment defined contribution superannuation fund on their behalf.
In accordance with the revised Constitution dated June 2016, Leah Armstrong (Chair) received payment of $36,000 (2015: $7,000) for her services as Chair of the Board. In 2015 Leah also received $44,740 for services as acting CEO.

Key management personnel and director transactions

During the year the Company acquired audio conferencing services from Message Stick Communications Pty Ltd to the value of $9,675 (2015: $5,699) at arms length commercial rates. Message Stick Communications Pty Ltd provided sponsorship of $13,750 for the 2015 Connect event. Michael McLeod was a Director up until November 2015 and is the CEO of Message Stick Communications Pty Ltd. The outstanding balance payable as at 30 June 2016 was $1,061 (2015: $780).

The Company also utilised facilities at QBE for a meeting during the year for no cost. The Company's Director (appointed 23 March 2016), Jenny Boddington is the Gloabl Head of Bancassurance (QBE Group).

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

18 Subsequent events

Subsequent to year end, the Company executed a new funding agreement with the Department of Prime Minister & Cabinet. The agreement is for $2.3m for the next two financial years, ending 30 June 2018

19 Company status

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

Australian Indigenous Minority Supplier Office Limited

Directors' declaration

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

(a) the Company is not publically accountable

(b) the financial statements and notes that are set out on pages 9 to 22 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Leah Armstrong
Director

Dated at Sydney this 21st day of September 2016

KPMG

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 2016, and statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

This audit report has also been prepared for the members of the Company in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* (ACNC).

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Independence
In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion
In our opinion, the financial report of Australian Indigenous Minority Supplier Office Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG

KPMG

Tony Nimac
Partner

Sydney
21 September 2016