



Australian Native Food Industry Limited

ABN 80 123 156 105

Annual Financial Report

for the year ended 30 June 2010

Corporate Information

ABN 80 123 156 105

Directors

M A Shepherd (Chair)

A C Fielke

R Glover

C D Read

Ms S B Wienand

Q R Blades

L G Lehmann

Company Secretary

C D Read

Registered Office

3866 Channel Highway

Woodbridge

Bankers

Westpac Banking Corporation

Auditors

Powell Accounting

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Directors' Report

The directors present their report together with the financial report of Australian Native Food Industry Limited (the "Company") for the financial year ended 30 June 2010 and the auditor's report hereon.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Martha Anne Shepherd (Chair)

Martha has 35 years experience in the food industry, in particular as Director of International Operations with Mrs Fields Famous Brands, managing the company's international franchise network in 37 countries as well as all new product research and development. Martha, with partner David Haviland, founded Galeru - a value added rural enterprise which produces a range of gourmet products from native rainforest fruits grown on their Cooroy Queensland property. Martha developed & implemented a value chain management model in which 4 grower partners (one of which is Rus Glover another ANFIL director) have formed Galeru Pty Ltd. Their business model may hold major implications for small producers in the native food industry. Martha was the inaugural Australian national winner of the RIRDC Rural Women's Award 2006 and was a NIDP in Market Experience Scholarship recipient in 2007. Martha was appointed as director on 15 November 2007.

Andrew Craig Fielke (Deputy Chair and South Australia and Northern Territory region representative)

Andrew is an award winning Adelaide based chef with 31 years international experience as a chef restaurateur. Andrew has been passionate about Australia's native food resources since 1985. He founded the successful and internationally renowned Red Ochre Restaurants. He now works as a consulting/guest chef, develops numerous new commercial food products and as a TV Chef, presents Australian Food & Wine segments on the ABC's Asia Pacific Satellite Channel. Andrew is currently a director of Australian Food Partners Pty Ltd and has been a director of other companies involved in the food, including Australian native, industry.

Russell Glover, GradCert Integrated Coastal Management (New South Wales and Australian Capital Territory region representative)

Rus was appointed a director of the Company on 4 September 2007. Based on the New South Wales North Coast, Rus is currently the Australian Government NRM Sustainable Resource Management Facilitator for NSW, working as part of the joint NRM Team between the federal Departments of Agriculture, Fisheries and Forestry, and Environment and Water Resources. Rus has been actively involved in the Native food industry for the past 7 years and holds management, ownership and directorship positions in various Native food industry businesses including commercial production of produce (Woolgoolga Rainforest Products), tube stock (Glovers Tubes) and value-added products (Galeru Pty Ltd). Chairperson Solitary Islands Marine Park Advisory Committee.

Christopher David Read, BAg Sc, PhD (Tasmania region representative)

Chris has over 15 years experience in horticultural research culminating in a fellowship with the University of Tasmania. Chris's particular area of interest is in essential oils. Since 1985 Chris has managed a cut flower, essential oil and native pepper farming enterprise which is now his main occupation. Since 1995 Chris has chaired the Natural Plant Extracts Cooperative Society (a Tasmanian essential oil producers group) and he is currently a board member of the Kingborough Community Enterprise Centre.

Sabine Beate Wienand (Queensland region representative)

Sabine is the owner operator of Basically Wild Edible Art which she founded in 1993. Sabine's first involvement in the bush food industry was in 1990 in Sydney, where she co-founded (with Hugh

Longstaff) the 'Koori cuisine project' in Redfern with the aim of training Aboriginals in hospitality. In 1999, Sabine was one of 4 founding members of the first Bush food cooperative in Queensland called TRIBE. Throughout 1997 to 2000 Sabine regularly travelled overseas with an Australian Themed Show, introducing Australian native Foods and culture into Europe and Asia. Though Basically Wild Edible Art, Sabine currently exports native produce, retail and food service products into Europe, the US and Canada. Sabine was appointed as director on 15 November 2007.

Quentin Ronald Blades

Quentin Blades is a partner in Coradji Pty Ltd, small Australian company set up in 1997 with the aim of developing commercial products from Australian native plants. Coradji initially looked at commercialising a number of indigenous plants, but finally focussed on the Kakadu Plum (*Terminalia ferdinandiana*) as having the most potential. Today, Coradji is a major supplier of freeze dried Kakadu Plum fruit to a number of Australian and overseas food, cosmetic and pharmaceutical companies.

Having worked for around 30 years in the healthcare industry, Quentin also runs an active regulatory affairs consulting business based in Sydney specialising in the registration of new medicines and medical devices in Australia. This work frequently includes advising on new herbal species for use in medicinal products. Prior to taking up consulting in 1994, Quentin worked for a number of national and multinational pharmaceutical companies managing their product development, production and quality assurance departments.

When not processing Kakadu Plums or registering new medicines, Quentin has a part time position at the School of Medical Sciences at the University of NSW lecturing/tutoring in a post graduate course in drug development. Quentin became a director of ANFIL in November 2009.

La Vergne Gaye Lehmann

La Vergne has maintained a strong interest in using native foods for more than 20 years. Working in the tourism and post-secondary education sector in the Wimmera in western Victoria has provided the impetus for La Vergne and her husband Paul to start growing dryland native food plants as part of their horticulture plantings on their farm just out of Dimboola. La Vergne is actively involved in local sustainability and catchment management organisations and takes every opportunity to encourage the growing of economic native food plants as part of traditional agricultural plantings in the region.

When she is not busy growing or cooking with native foods La Vergne is working on her PhD with the University of Ballarat researching the relationship between tourism and water in dryland areas and sustainable water management.

La Vergne has been a Director since November 2009

COMPANY SECRETARY

Since 17 November 2008, Mr Christopher Read (who is also a Director) has held the office of Company Secretary. From 5 April 2007, to 17th November 2008 Mr Lindsay Boyd (who was also a Director at the time) held the office of Company Secretary. During the previous period, from 15 December 2006 to 5 April 2007, Ms Anne Osborne (who was also a Director at that time) was the Company Secretary.

DIRECTORS' MEETINGS

The number of directors' meetings held during the financial year to 30 June 2010 and the number of meetings attended by each director were:

Number of meetings held:	Eligible to attend	Attended
M A Shepherd	13	13
A C Fielke	13	13
S B Wienand	13	11

C D Read	13	11
R Glover	13	11
Q R Blades	8	6
L G Lehmann	8	8

COMMITTEES

The directors undertook to delegate two formal sub-committees – the R & D subcommittee (comprising Mr Glover, Mr Read and Sibylla Hess Buschmann Sibylla Hess-Buschmann) and a Conference Sub committee (Mr Fielke, Ms Weinand, Ms Lehmann, Maarten Ryder and Linda Hoffmann). The proceedings of these subcommittees are to be recorded and the minutes presented to the Board for approval.

Both Committees held 3 formal meetings during the year.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

During the financial year none of the Directors or the Board Assistant received any remuneration in respect of their Company positions.

CORPORATE INFORMATION

Reporting Entity

The Company is a company limited by guarantee that is incorporated and domiciled in Australia. It is a not-for-profit industry representative body. It does not have a parent entity.

Objectives

The Company's objectives are:

- to act as a body representative of the Industry
- to provide leadership and direction in relation to the maintenance, improvement and development of the standards of the Industry
- to act as a consulting and advisory body among its Members and in particular to:
- to foster a closer association between persons engaged in, connected with, serviced by or interested in the Industry;
- to establish Regions and work with Regional Councils to promote activities of value to Members; and
- to engage in other activities in support of the above objectives,

Nature of operations and principal activities

The principal activities of the Company during the financial year were:

- establishment of initial operating processes;
- facilitation and supervision of research regarding Australian native food properties and classification;
- membership recruitment;
- development of membership communications methods;
- development of initial branding; and
- conducting a workshop with industry members in relation to the strategic direction of the industry.

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

Employees

The Company had two casual voluntary officers as at 30 June 2010.

DIVIDENDS

Under the terms of its Constitution the Company is not able to pay dividends to its members.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the financial year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Due to the nature of its operations, the Company is not subject to any significant environmental regulations.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

LIKELY DEVELOPMENTS

The Company will continue to pursue its objectives during the next financial year. The Company will continue to liaise with industry members in relation to the strategic direction of the industry.

DIRECTORS' INTERESTS

Each of Messrs Fielke and Read are an Individual Member of the Company. Each of Messrs Glover, Shepherd, Blades and Wienand are Nominated Representatives of Organisational Members Woolgoolga Rainforest Products, Galeru Pty Ltd, Coradji and Basically Wild Edible Art respectively.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has not given or agreed to give any indemnity to an officer or auditor of the Company. The Company has not paid any premium for insurance against those officers' or auditors' liabilities.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 19 and forms part of the Directors' Report for the financial year ended 30 June 2010.

ROUNDING OFF

The amounts contained in this report and in the financial report have been rounded to the nearest \$1 (where rounding is applicable).

This report is made in accordance with a resolution of directors.

M A Shepherd
Director and Chair

Balance Sheet

As at 30 June 2010

	Note	2010 \$	2009 \$
Assets			
Cash and Cash Equivalents	9	46,435	47,660
Trade and Other Receivables	3	1,737	3,467
Total Current Assets		<u>48,172</u>	<u>51,127</u>
Other Financial Assets	4	66	132
Total Non-Current Assets		<u>66</u>	<u>132</u>
Total Assets		<u>48,238</u>	<u>51,259</u>
Liabilities			
Trade and Other Payables	5	2	941
Total Current Liabilities		<u>2</u>	<u>941</u>
Total Liabilities		<u>2</u>	<u>941</u>
Net Assets		<u>48,236</u>	<u>50,318</u>
Equity			
Retained Equity	6	48,236	50,318
Total Equity		<u>48,236</u>	<u>50,318</u>

The accompanying notes form part of these financial statements.

Income Statement

For the Year ended 30 June 2010

	Note	2010 \$	2009 \$
Income			
Revenue	7	49,927	27,630
Other Income	8	706	1,077
Total Income		<u>50,633</u>	<u>28,707</u>
Expenses			
Administration Expenses		1,566	3,969
Research expenses		32,355	38,281
Website Expenses		220	2,036
Conference/Catering		18,574	4,232
Total Expenses		<u>52,715</u>	<u>48,518</u>
Loss for the Year		<u><u>(2,082)</u></u>	<u><u>(19,811)</u></u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year ended 30 June 2010

	2010	2009
	\$	\$
Opening Balance	50,318	70,129
Profit/(Loss) for the financial year		
Total recognised income and expense for the financial year	(2,082)	(19,811)
Closing Balance	<u>48,236</u>	<u>50,318</u>
Reconciliation of Retained Earnings		
Opening Balance	50,318	70,129
Attributable to Members of the Company	(2,082)	(19,811)
Closing Balance	<u>48,236</u>	<u>50,318</u>
Total Equity	<u>48,236</u>	<u>50,318</u>

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the Year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash Flows from Operating Activities			
Cash Receipts from RIRDC		24,500	16,500
Cash Receipts from Membership Fees		4,650	3,988
Cash Receipts from Donations		5,500	3,468
Cash Receipts from Research Services Funding		1,659	4,400
Cash Receipts from Other		11,609	-
Cash Paid to Suppliers		(49,848)	(52,626)
Cash from Operating Activities		<u>(1,930)</u>	<u>(24,270)</u>
Interest Received		706	1,077
Net Cash Flow from Operating Activities	9	<u>(1,224)</u>	<u>(23,193)</u>
Cash and Cash Equivalents as at 1 July		47,660	70,853
Net increase/(decrease) in cash		(1,224)	(23,193)
Cash and Cash Equivalents as at 30 June		<u><u>46,436</u></u>	<u><u>47,660</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2010

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

2. Statement of Significant Accounting Policies

The accounting policies that have been adopted in the preparation of this report are as follows:

(a) *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(b) *Trade and Other Receivables*

Trade receivables are recognised and carried at original invoice amount. Receivables from related parties are recognised and carried at nominal amount due.

(c) *Trade and Other Payables*

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(d) *Revenue and Other Income Recognition*

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised on the right to receive interest payment

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements Cont.

For the Year ended 30 June 2010

(e) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except:

- Where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable; and
- Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) *Income Tax*

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements Cont.

For the Year ended 30 June 2010

	2010	2009
	\$	\$
3. Trade and Other Receivables		
Current		
Trade Debtors	470	300
Provision for GST	1,267	3,167
Total Trade and Other Receivables	<u>1,737</u>	<u>3,467</u>
4. Other Financial Assets		
Plant & Equipment		
Establishment Costs	330	330
Establishment write down	<u>(264)</u>	<u>(198)</u>
Total Other Financial Assets	<u>66</u>	<u>132</u>
5. Trade and Other Payables		
Current		
Trade Creditors	2	-
Accrued Expenses	-	185
Loans – Ross Glover	-	755
Total Trade and Other Payables	<u>2</u>	<u>940</u>
6. Movement in Equity		
Retained Earnings at the Beginning of the Financial Year	50,318	70,129
Less Net loss attributable to members of the company	2,082	(19,811)
Retained Earnings at the End of the Financial Year	<u>48,236</u>	<u>50,318</u>
7. Revenue		
Operating Revenue		
Annual Gathering	-	5,005
Conference	13,618	-
Research Grants	24,500	15,000
Research Fund Contribution	1,659	4,000
Membership Fees	4,650	3,625
Sponsorship	5,500	-
Total Operating Revenue	<u>49,927</u>	<u>27,630</u>

Notes to the Financial Statements

For the Year ended 30 June 2010

	2010	2009
	\$	\$
8. Other Income		
Interest	706	1,077
Total Other Income	<u>706</u>	<u>1,077</u>
9. Cash and Cash Equivalents		
<i>(a) Cash</i>		
Cheque Account	35,843	27,660
Term Deposit	10,593	20,000
<i>Cash in the Statement of Cash Flows</i>	<u>46,436</u>	<u>47,660</u>
<i>(b) Cash flows from operating activities</i>		
Profit/(Loss) for the financial year	(2,082)	(19,811)
Change in trade and other receivables	(2,648)	(3,467)
Change in trade and other payables	2,800	(992)
	<u>(1,930)</u>	<u>(24,270)</u>
Interest	706	1,077
Net cash from operating activities	<u>(1,224)</u>	<u>(23,193)</u>

10. Related Party

The following were related parties of the Company at any time during the financial year and unless otherwise indicated were related parties for the entire financial year:

Directors

- Ms M A Shepherd (chair)
- Mr R Glover
- Mr C D Read
- Mr A C Fielke
- Ms S B Wienand
- Mr Q Blades (appointed 9 November 2009)
- Ms L Lehmann (appointed 9 November 2009)

Officers

- Ms S R Hess-Buschmann (dec. May 28th)
- Ms Lydia Coleborn

A number of the directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Company in the financial year. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

	Note	2010 \$	2009* \$
The aggregate amounts recognised during the financial year relating to directors and their related parties were as follows:			
Rus Glover – Woolgoolga Rainforest Products	(a)	1220	1388
A C Fielke – Andrew Fielke Enterprises	(b)	1231	0
S R Hess-Buschmann – Australian Rainforest Products Pty Ltd	(c)	16500	22000
La Vergne Lehmann	(d)	1562	
C D Read	(e)	1238	(600)

- (a) The Company reimbursed Mr Glover for the costs incurred by him in relation to telephone conferencing expenses.
- (b) The Company reimbursed Mr Fielke and/or his related entity Andrew Fielke Enterprises for costs incurred by him in relation to costs incurred in relation to catering supplies for the Company's annual gathering and arrangements for provision of a marquee and facilities during the Adelaide Conference.
- (c) In accordance with the terms of the grant provided by the RIRDC the Company paid an amount of \$16500 in respect of services performed by Ms Hess-Buschmann in relation to research projects.
- (d) The Company reimbursed Ms Lehmann for direct costs incurred in preparation for the Adelaide conference on behalf of the Company (82) and a covering amount for administrative services for the conference (1480).
- (e) The Company reimbursed Mr Read for the costs incurred by him for flowers to Sibylla's funeral (138). In addition to this, in accordance with the terms of the RIRDC research project grants, the Company paid Mr Read the amount of \$1100 in relation to services performed by him in relation to the projects.

11. Auditor Remuneration

The amount paid to Auditors for the audit of the financial report of the entity

Total Auditor Remuneration

636	600
<u>636</u>	<u>600</u>

Directors' Declaration

In accordance with a resolution of the directors of Australian Native Food Industry Limited (the "Company") made on 14 October 2010, I state that:

In the opinion of the directors of the Company:

- 1) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance, for the financial year ended on that date; and
 - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Martha Shepherd
Chair

14 October 2010

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN NATIVE FOOD INDUSTRY LIMITED

We have audited the accompanying financial statements of Australian Native Foods Industry Limited (the company), which comprises the balance sheet as at 30 June 2010 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

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

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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Native Foods Industry Limited on 5th October 2010 would be in the same terms if provided to the directors as at the date of this auditor's report.

Independent Auditors Report cont.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Australian Native Foods Industry Limited as of 30 June 2010, and its financial performance and cash flows for the year then ended in accordance with the *Corporations Act 2001* and the Australian Accounting Standards (including Australian Accounting Interpretations).

Geoffrey V Powell
Powell Accounting
6 George Street
Launceston TAS

26 October 2010

Auditor's Independent Declaration

To the Directors of Australian Native Foods Industry Ltd:

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Native Foods Industry Ltd for the year ended 30th June 2010 there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Geoffrey V Powell
Powell Accounting
6-18 George Street
Launceston TAS 7250

Dated this 5th day of October 2010