



children's food education  
FOUNDATION

Annual report  
30 June 2012  
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## Directors' Report

The directors present their report together with the financial report of Children's Food Education Foundation for the year ended 30 June 2012 and the auditors' report thereon.

### Directors

The names of the directors in office at anytime during or since the end of the financial year are:

Kay Richardson (Chair)  
Linda Tizard (Secretary)  
Mark Craig  
Julieann Breese (appointed December 2011)  
Polly McGee (resigned November 2010)

### Information on directors

#### Director, Qualifications and Experience

**Kay Richardson** is a Chartered Accountant with an information technology speciality and experience within the children's charity sector. As a Master of Arts (Gastronomy) Kay's major studies focused on children's food education, literacy and health promotion.

**Linda Tizard** is currently the managing director of Audio Network Australia, a music publishing business. Linda has also worked in banking as a corporate lawyer as a specialist advisor to a wide range of film and television clients.

**Mark Craig** is currently the General Manager, Corporate Services at Tourism Australia. Mark is an experienced finance executive who has held a number of senior roles with various government agencies.

**Julieann Breese** is a self employed Management Consultant working with a wide range of service based companies. Julieann's previous experience includes project and event management within the youth sector and strategic Board roles for children's charities.

#### Meetings of directors

During the financial year, 3 meetings of directors were held. The number of meetings attended by each of the directors in the 12 month period ending 30 June 2012 were:

Name of Director	Number eligible	Number attended
Kay Richardson	3	3
Linda Tizard	3	2
Mark Craig	3	3
Julieann Breese	2	2
Polly McGee	1	1

#### Principal activities

The principal activity of the company during the financial year was as a charitable company promoting an understanding of food, health, nutrition and healthy food choices by children and young people. The main focus of our activities was directed toward those children and young people with chronic illness, disabilities, mental disorders and those who provide care for themselves or others.

#### Operating results

The operating surplus for the year amounted to \$112,402 (2011: \$10,971).

#### Review of operations

The company was incorporated on 4 April 2004. The company has been granted the status of a charitable company and is entitled to collect money or goods for a charitable purpose.

**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.

**Environmental regulation**

The company's operations are not subject to any environmental regulation under either Commonwealth or State legislation. The company's operations do not impact the environment in any significant manner.

**Matters subsequent to the end of the financial year**

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 nature likely, in the opinion of the directors of Children's Food Education Foundation, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in subsequent financial years.

**Likely developments**

Children's Food Education Foundation will continue to pursue its charitable purposes to help children and young people during the next financial year.

**Indemnification**

Since the end of the financial year, the company paid a premium in respect of a contract insuring the directors of the company against any liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the value of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified an officer or auditor of the company against a liability incurred as such an officer or auditor.

**Director's emoluments**

During the year ended 30 June 2012, the company paid no emoluments to any director.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 which forms part of the Directors' report.

**Directors' benefits**

Other than as disclosed in Note 10, since the end of the previous financial year no director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial report, or the fixed salary of a full-time employee of the company or of a related body corporate) by reason of a contract made by the company or a related body corporate with a director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest.

Dated at Sydney this 28th day of December 2012.  
Signed in accordance with a resolution of directors:



Kay M Richardson  
Executive Director



## Auditor's Independence Declaration

As lead auditor for the audit of Children's Food & Education Foundation for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of Children's Food & Education Foundation during the period.

A handwritten signature in black ink that reads 'Keiron Poulos'.

Keiron Poulos  
Partner  
PricewaterhouseCoopers

Sydney  
28 December 2012

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This financial report covers Children's Food Education Foundation as an individual entity. The financial report is presented in Australian currency. Children's Food Education Foundation is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is: Suite 2 Level 2 645 Harris Street Ultimo NSW 2007. A description of the nature of the company's operations and its principal activities is included in the directors' report on page 2 - 4, which are not part of this financial report. The financial report was authorised for issue by the director's in December 2012. The company has the power to amend and re-issue the financial report.

## Income Statement for the year ended 30 June 2012

	Notes	June 2012 (\$)	June 2011 (\$)
<b>Revenue from Ordinary Activities:</b>			
Donations	4	51,964	45,434
Grants & subsidies		102,250	-
Consulting fees		-	2,400
Miscellaneous income		25	-
Interest		2,152	1,639
Total Revenue		156,391	49,473
<b>Food education activities:</b>			
	5	29,859	29,717
<b>Expenses from ordinary activities:</b>			
Bank charges & fees		959	627
Freight & postage		-	-
Insurance		4,723	2,072
Lodgement fees		364	664
Marketing & public relations		2,270	-
Travel		489	2,874
Other expenses		4,084	43
Web site costs		1,241	2,505
Total expenses		43,989	38,502
Operating profit		112,402	10,971

*The above Income Statement should be read in conjunction with the accompanying notes.*

## Balance Sheet as at 30 June 2012

	Notes	June 2012 (\$)	June 2011 (\$)
<b>Assets</b>			
Current assets			
Cash on hand		-	-
Cheque		4,375	7,792
Fundraising		73,130	4,750
The Big Feed		66	100
Term deposits		80,000	60,000
Total cash on hand		157,571	72,642
Trade debtors & other debtors		30,000	1,618
GST receivable		2,590	3,023
Merchandise/volunteer wear		3,564	2,609
Total assets		193,725	79,892
<b>Liabilities</b>			
Trade creditors & accruals	10 (c)	14,877	13,446
Total liabilities		14,877	13,446
Net assets		178,848	66,446
<b>Equity</b>			
Retained profits		66,446	55,475
Current year profit		112,402	10,971
Total equity		178,848	66,446

*The above Balance Sheet should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity as at 30 June 2012

	June 2012 (\$)	June 2011 (\$)
Total equity at the beginning of the financial year	66,446	55,475
Profit for the year	112,402	10,971
Total equity at the end of the financial year	178,848	66,446

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Cash Flow Statement for the year ended 30 June 2012

	June 2012 (\$)	June 2011 (\$)
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	-	20,658
Payments to suppliers (inclusive of GST)	(40,477)	(38,865)
Donations & Grants received	124,214	45,434
Interest received	2,151	21
Interest and bank charges paid	(958)	(627)
GST refund received	-	3,433
<b>Net cash inflow from operating activities</b>	84,930	30,054
<b>Cash flows from investing activities</b>	-	-
<b>Net cash flow from investing activities</b>	-	-
<b>Cash flows from financing activities</b>	-	-
<b>Net cash flow from financing activities</b>	-	-
<b>Net increase in cash and cash equivalents</b>	84,930	30,054
Cash and cash equivalents at the beginning of the financial year	72,641	42,587
<b>Cash and cash equivalents at the end of the financial year</b>	157,571	72,641

*The above cash flow statement should be read in conjunction with the accompanying notes.*

## Reconciliation of operating profit to net cash flow from operating activities

	June 2012 (\$)	June 2011 (\$)
Operating profit	112,402	10,971
Decrease (Increase) in Inventories	(955)	1,523
Decrease (Increase) in Receivables	(28,382)	14,762
Decrease (Increase) in GST Receivables	433	410
Increase (Decrease) in Payables	1,432	2,388
Net cash inflow from operating activities	84,930	30,054

*The above reconciliation should be read in conjunction with the accompanying notes.*



## Notes to the Financial Statements

### 1. Summary of significant accounting policies

#### (a) Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

##### *Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the company complies with International Financial Reporting Standards (IFRS).

It is prepared in accordance with the historical cost convention and has been prepared on an accrual basis. The accounting policies have been consistently applied unless otherwise stated.

#### (b) Revenue recognition

Donation income is brought to account in respect of the period in which it was donated.

#### (c) Income tax

The Children's Food Education Foundation received on 1 July 2005 (effective 1 June 2004) from the Australian Taxation Office, an endorsement for the foundation to act as an income tax exempt charity in accordance with item 1.1 of subdivision 50-B of the Income Tax Assessment Act 1997. In addition, all donations to the foundation over \$2 are tax deductible.

#### (d) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. The bank accounts at year end are bearing floating interest rates of 0.05% (2011: 0.05%).

#### (e) Inventories

Finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual terms of inventory on basis of weighed average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### (f) Trade payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(g) Status of the Company**

The Children's Food Education Foundation is a company limited by guarantee, and as such has no share capital.

**(h) Charitable Fundraising Act 1991**

This Act and supporting Charitable Fundraising regulation prescribe the manner in which fundraising appeals are conducted, controlled and reported in NSW.

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

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**(j) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The company's assessment of the impact of these new standards and interpretations, have no material impact on the company's financial statements.

**2. Financial risk management**

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The directors carry out risk management.

The company is a not-for-profit organisation that is engaged in the promotion of an understanding of food, health, nutrition and healthy food choices by children and young people. The nature of the company and its activities do not expose it to significant financial risks. As such, systems and processes used to manage financial risk reflect the extent to which the company is exposed to such risk.

The company holds the following financial instruments:

	June 2012 (\$)	June 2011 (\$)
<b>Financial assets</b>		
Cash and cash equivalents	157,571	72,642
Other receivables	32,590	4,641
	190,161	77,283
 <b>Financial liabilities</b>		
Trade and other payables	14,877	13,446
Director loans	-	-
	14,877	13,446

**(a) Market risk**

*Cash flow and fair value interest rate risk*

As the company has no significant interest-bearing assets, the company's income and operating cash flows are not materially exposed to changes in market interest rates.

Interest rates on finance leases are agreed to prior to committing to contract and are set for the period of finance. All excess funds are invested in term deposits to obtain the best possible interest rate from the company's banking provider.

**(b) Credit risk**

The company has no significant concentrations of credit risk. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

The company does not have any material credit risk exposure to any single debtor or group of debtors covered by financial instruments.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management aims at maintaining flexibility in funding by keeping committed credit lines available.

**(d) Fair value estimation**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values to their short-term nature. The fair value of financial liabilities for disclosure purposes is taken to be the carrying value of the liability, as the difference compared to the discounted future contractual cash flows is not expected to be material.

**3. Formation of the fund**

Children's Food Education Foundation was formed as an independent organisation dedicated to improving the health outcomes of Australian children and young people by promoting an understanding of food, health, nutrition and healthy food choices. Children's Food Education Foundation received an authority to fundraise from the NSW Department of Gaming and Racing in August 2004.

**4. Fundraising revenue**

Children's Food Education Foundation ensures 100% of all received donations are kept in a separate 'fundraising' bank account to be spent on Food Education activities as approved by the Directors and in accordance with the charitable purpose set out in the Constitution. Administrative expenses required to run the organisation are funded by proceeds of merchandise sales, membership revenue, auspice fees and one off pledges made by donors specifically to be used for administrative purposes.

**5. Expenditure on approved food education activities**

Expenditure on approved Food Education in 2012 was \$29,859 (2011: \$29,717).

## 6. Comparison of certain monetary figures and percentages

	June 2012 (\$)	June 2011 (\$)
Gross income from fundraising	154,214	47,834
Total costs of fundraising	10,130	8,785
Total costs food education activities	29,859	29,717
Excess of total income from fundraising over funds disbursed	114,225	9,332
Total fundraising costs to income	7%	18%
Net excess to gross income from fundraising	74%	20%
Total disbursements for projects to total income received	19%	62%

## 7. Employees

The members of the charity perform all work of Children's Food Education Foundation on a voluntary basis. As a result, no employees have been engaged in the current or prior year.

## 8. Auditors remuneration

The auditors remuneration for the audit of the financial statements was \$NIL (2011: \$NIL). The auditors did not provide any non-audit services to the company.

## 9. Contingent liabilities and contingent assets

There are no outstanding contingent liabilities and contingent assets as at 30 June 2012 (2011: \$NIL).

## 10. Key management personnel compensation

### (a) Directors

The following persons were directors of the company during the financial year and up to the date of this report: Kay Richardson, Linda Tizard, Mark Craig, Julieann Breese.

### (b) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2012 and 2011 is set out below. The key management personnel of Children's Food Education Foundation includes the directors. Short-term employee benefits 2012: \$NIL (2011: \$NIL).

### (c) Other transactions with key management personnel or entities related to them

Kay Richardson, a director, is also a director of Young Gourmet Pty Limited, a food education company. Children's Food Education Foundation incurred the following amounts to Young Gourmet Pty Limited during 2012: i) \$10,877 (GST exclusive) for reimbursement of business expenses incurred by Young Gourmet on Children's Food Education Foundation's behalf and ii) \$NIL (GST exclusive) in regard to the ongoing delivery of food education services contract between the Children's Food Education Foundation and Youth Off The Streets (a Sydney based youth services charity). All transactions with Young Gourmet are based on normal commercial terms and conditions. At the end of the financial year, The Children's Food Education Foundation owed Young Gourmet Pty Limited \$10,877 (2011: \$13,446).

## 11. Member's guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$1 each toward meeting any outstanding obligations of the company. As at 30 June 2012 the number of members was 4 (2011: 4).

## Director's Declaration

In the directors' opinion:

- (a) the financial statements set out on pages 6 to 11 are in accordance with the *Corporations Act 2001* including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date;  
and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the directors.



Kay M Richardson  
Executive Director

Sydney  
Date: 28 December 2012



## **Independent auditor's report to the members of the Children's Food Education Foundation**

### ***Report on the financial report***

We have audited the accompanying financial report of the Children's Food Education Foundation (the company), which comprises the balance sheet as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

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

### ***Auditor's responsibility***

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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*.



### *Basis for Qualified Opinion*

Cash from donations and sale of merchandise are a significant source of revenue for the company. The company's directors have determined that it is impracticable to establish controls over the collection of revenue from those sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and sale of merchandise was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the company's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and sale of merchandise is complete.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of the Children's Food Education Foundation is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2012, and of its financial performance and its cash flows for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

PricewaterhouseCoopers

Keiron Poulos

Keiron Poulos  
Partner

Sydney  
28 December 2012