



ANNUAL REPORT 2015

Blue Mountains Food Co-op Ltd.

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ABN 44 541 435 003

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CHAIR'S REPORT

Georgia Page

The Chair submits this report for the November 24, 2015 Annual General Meeting of the Blue Mountains Food Cooperative Ltd. The Directors also submit the Treasurer's Financial Report and the Auditor's Report for the financial year ended June 30, 2015.

Many thanks to the members who have joined us this evening for our AGM – the directors that make up our board seek to represent our members to the best of our ability and having you here to share your opinions and ideas is invaluable to us, and to the strength of our cooperative.

Our last members meeting was the 2014 AGM in November and I will look back over the full year in this review.

FINANCE

Our Balance Sheet is healthy and our financial reserves are strong. The Treasurers Report will cover our financial activity in detail.

The Co-op continues to benefit from the experience and know-how of our Treasurer, Gren Olsen, who provides clear and insightful reflections on our monthly finances at each board meeting.

THE BOARD

The board has enjoyed another productive and collaborative year. We have a full board, and our Directors bring a broad range of professional experience and perspectives to their roles on the board. The board and manager continue to enjoy a strong working relationship and the board is very happy with the manager's performance.

The staff Director position has been very ably filled for the last two years by Leanne Eagle. Leanne is now stepping down from the role and I would like to take this opportunity to thank her publicly for her passion, commitment and good-natured contribution to the board; it has been an absolute pleasure to work with Leanne in this capacity and I am very glad that she is only stepping down from the Director position and not

the other roles she plays at the Co-op.

The Directors continue to work towards refining the way the board operates. For a number of years the board functioned rather like a management committee but as the manager position enters its third year, the board is now able (and required) to play a much more strategic role in the organisation. This transition is something we are still working on and the guidance of Co-op member, Murray Hopkins, has been much appreciated. We have started a process that will refine the definitions and responsibilities of particular roles on the board, and identify how the board can continue to best serve the Co-op's needs.

Board Attendance of Meetings

The Directors of the Co-op and the meetings they attended for the 2013/2014 financial year were as follows:

Director	Position	Start of Term
Helen Beeby	Director	Elected 26/11/13
O'Halloran, Louise	Director	Elected 25/11/14
Cavanagh, Cathy	Director	Elected 25/11/14
Eagle, Leanne	Employee Director	Elected 26/11/13 Resigned 24/11/15
Maclean, William Bruce	Director	Elected 26/11/13
Olsen, Grenfell	Director/ Treasurer	Elected 25/11/14
Page, Georgia Lord	Chair/ Di- rector	Elected 25/11/14

OUR PROGRESS

My heartfelt thanks go to all Co-op staff for yet another good year – our Co-op continues to grow and our membership numbers are strong and this is due in no small part to our committed and wonderful staff. This year we have opened the

Board Attendance of Meetings

The Directors of the Co-op and the meetings they attended for the 2013/2014 financial year were as follows:

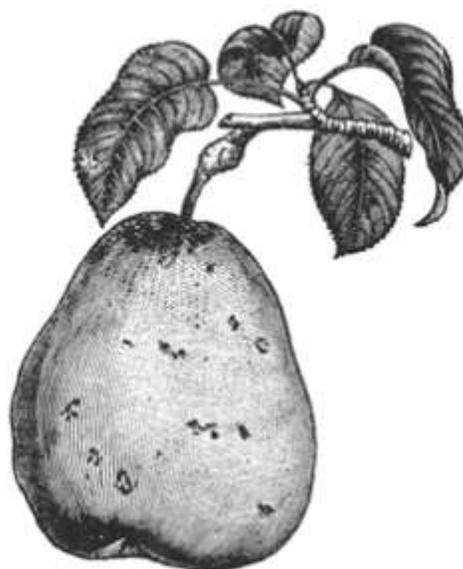
Director	Position	Start of Term	End of Term	Meetings Held	Meetings Attended
Beeby	Director	Elected 26/11/13	Nov 2015	10	9
Buttrose, Larry	Director	Elected 26/6/10 Resigned 21/10/14	Oct 2014	7	5
Cavanagh, Cathy	Director	Elected 26/11/12	Nov 2014	10	6
Eagle, Leanne	Employee Director	Elected 26/11/13	Nov 2015	10	10
Maclean, William Bruce	Director	Elected 19/11/11	Nov 2015	10	7
Olsen, Grenfell	Director/ Treasurer	Elected 19/11/12	Nov 2014	10	6
Page, Georgia Lord	Chair/ Director	Elected 22/11/08 Chair from 16/2/10	Nov 2014	10	9

new shop across the lane, filled the much anticipated Education and Marketing role and conducted another big member survey.

The new shop across the lane has served two purposes for the Co-op, it was initially conceived as a solution to our storage issues in the main shop – we had well and truly outgrown our cool room and storage area and the size and frequency of deliveries coming through the shop during trading hours was placing significant pressures on staff and creating safety issues in the shop. The shop across the lane has allowed us to install a second cool room and storage area and we now have the opportunity to sell a wide range of products that we lacked the space to accommodate previously.

The Education and Marketing Co-ordinator role was conceived at the same planning day as the Co-op Manager role. It did, however, take a little longer to come to fruition; the reasons for this were twofold – the Manager role was the priority and needed to be established first, and we needed to ensure that we could comfortably accommodate the increase in wages resulting from the Manager role and pay rises associated with our new EBA agreement. This role is

designed to increase our engagement with our members, to provide education opportunities for our members and community, and to deepen the Co-op's impact in our community. The recent member survey was co-ordinated by our new



Education and Marketing Co-ordinator and provided some excellent insight to how and why

our members shop at the Co-op, what they'd like to see stocked and what they'd like to learn from our staff and members. This information is very useful on both day to day and strategic levels and will inform our research and decisions over the coming year.

The board's is well and truly on the way with finalising the Co-op's policies and procedures documentation. It is a lengthy and detailed process but well worth it – it will stand the Co-op in good stead as we continue to grow, and that will also allow us to support and share information with new and growing Co-op's.

Reflecting on another year at the Co-op is always a pleasure. We are a strong and viable local business that supports local growers and producers and provides members and customers with a genuine alternative to shopping with the big food corporations. We have fantastic staff, loyal members, our local produce section continues to grow and every day we throw open our doors to provide good food that doesn't cost the earth!

Many thanks, Georgia Page

TREASURER'S REPORT Gren Olsen

Madame Chair, members of the Board, staff and members of the Co-op, I present the Treasurer's report for the year ended 30th June 2014 and refer you to the audited financial statements for that year.

Sales for the year were a strong \$3.02m compared with \$2.84m the previous year, an increase of 6%. The members enjoyed discounts of \$310,432. The gross profit percentage of 25.7% was strong by industry standards. After expenses, which were well controlled at 22.8% of sales compared with 23.4% last year, we were left with a net income of \$54,423, more than double the comparable figure of \$20,314 for the 2013 year.

At balance date we had \$585,695 in cash,

\$19,340 in bonds and deposits and \$84,207 in inventory. Our plant and equipment had a

It is with great pleasure that I give thanks to all those involved in keeping the good shop Co-op running as smoothly as it does and explain a little of what has been happening in 2014 and our plans for the next year.

Members

First and foremost I'd like to thank all of our committed members, who despite the complete lack of parking for a good part of the year, continued to faithfully and enthusiastically shop. We were incredibly nervous about what the lack of parking might do to our business and expected that we may well make a loss this year. We're very happy that our fears proved unfounded.

Woollies

Next I'd like to thank Woollies and the Council for making us such a commodious car park. Now that our members have somewhere close to park, we have been busier than ever. Once again our fears of having to compete with Woollies have been unfounded.

Staff

As always I am also eternally grateful to and appreciative of our committed staff members who work incredibly hard to keep the Co-op show on the road in the best possible humour. I love that we all still feel excited about playing shops and our little hearts flutter at the sight of the latest luscious local veggie delivery.

I'd particularly like to thank: Mike for the excellent job he does at ordering the vast quantity of food that passes through the Co-op; Ali for taking on the production of our wonderful e-newsletter and managing our face book page; Lesley for coordinating our volunteers and volunteer training evenings, coordinating our donations to local organisations and for being the Co-op's very thorough Health and Safety Representative;

Kalindra for continuing to coordinate our monthly cleaning bees with volunteers and Zeb who in her role as Board Administration Support patiently continues to ensure and that the Board is resourced with everything they need for meetings and has beautifully organised this year's AGM. Zeb also recruited and trained our newest schooly Milo.

I am especially relieved and grateful to Shelley for the epic job she undertook this year of creating thorough documentation for her position. We had a bit of shock this year when Shelley our office coordinator extraordinaire of 7 years said that she was moving to Adelaide. She has been a vast repository of valuable Co-op knowledge and we were anxious not to lose all that detailed information on the smooth running of the Co-op office and point of sale system. So for about 6 weeks prior to her departure Shelley was given the huge task of documenting every aspect of her position. This has meant that all the tasks can be easily understood and carried out by our new Office Coordinator Leanne who is doing a great job of stepping into Shelley's shoes.

Directors

I give special thanks to all of our volunteer Directors. They have been a wonderful warm, dedicated and insightful team to work with helping out with the many and sometime tricky decisions to be made.

Volunteers

We are also eternally grateful to our volunteers who do a wonderful job of helping to keep the shop clean and organised.

In addition to our regular shop volunteers we are also lucky to have the help of people that support the Co-op in other ways. Once again I'd like to give special thanks to Murray Hopkins for all his support to the Board and I during the year. Murray has facilitated two recent strategic planning meetings with the Board to create more focus for our future direction and is currently

working on a computer application which will be very helpful in organising all of our policies, procedures and operations documents.

And a very big thanks again to Kay Ridgway who has been coming in regularly to the Co-op for the last three years to share her vast food and nutrition wisdom.

2014 Happenings

Staff comings and goings

This year we lost 5 staff members in total – but all for the right reasons. Sues, Louisa, Sam and Collette all got offered other jobs that were too good to pass up and left no time for working at the Co-op. Kelsey our oldest schooly moved to Melbourne to start her new and exciting Melbourne life. Shelley decided to move to Adelaide to be close to good friends and to move into an easy care house.

With the loss of 5 staff members, we've also had a very busy time recruiting and welcoming 5 new staff members Chris, Steve, Sonya, Sarah and Milo. They have all slotted seamlessly into the team and we feel very lucky to have them. We're only sorry we couldn't offer jobs to more people as the standard of applicants was very high when we advertised earlier in the year.

Behind the Scenes

Perhaps there has not been a lot of new visible activity in the shop this year but there has been a lot going on behind the scenes. With lots of new staff, we have done a lot of training to ensure that their integration into the team has been smooth and effective. We are also undertaking the epic task of writing and reviewing all of our policies and procedures. This is a huge job and we are currently about a third of the way through. Shelley's departure highlighted the need for

written down value of \$76,705, giving total assets of \$768,848. Liabilities and provisions amounted to \$165,079, leaving net assets of \$603,769, most of which, you will observe, is in cash, leaving us in a strong position to expand our operations should appropriate opportunities arise. The Board and our General Manager, Halin, are constantly seeking and evaluating potential opportunities, with a current focus on premises.

Thus another solid and satisfying year, maintaining and enhancing the financial strength of the Co-operative. This trend has been continued in the first four months of the current year where results are significantly ahead of budget.

This is all the result the hard work, customer orientation and professionalism of the staff lead by Halin and the contribution of the volunteers and directors, to all of whom I offer my thanks and congratulations on a job well done.

I commend the Accounts to the Meeting.

MANAGER'S REPORT Halin Nieuwenhuysse

thorough documentation of all Co-op roles and processes so that valuable information doesn't just live in each staff member's head. Shelley did a fantastic job of documentation the office coordinator role and we are currently working on documenting all of the other roles and shop processes.

We are
of
computer
forward
storage
running



also in the process
overhauling our
temperamental
network. We look
to centralised data
and smooth
tills in late
December.

Change to financial year

As from January 2014 Donations are budgeted and organised on a calendar year rather than a financial year basis, which is what we used to do. This is due to the final figures not being available until the AGM at the end of November.

Change to percentage donated

At the AGM 2013 it was voted to raise our donation level to 10% of our annual net profits, up from 5% previously. This is wonderful as it brings donations up to a more workable amount this year, that is around \$2030. This makes it possible to again offer Irregular/occasional donations as well as to offer more of our Regular donations.

Donations made in 2014

As the Co-op continues our important commitment to donating to our local community and those in need, we are this year donating \$2030 in both Regular donations and occasional donations for various food related, social justice causes.

Regular Donations

Regular monthly donations of \$30 for food products have been made to:

Katoomba Neighbourhood Centre to help them provide their monthly free lunches.
Blue Mountains Refugee Support Committee for their work with asylum seekers and refugees.
Katoomba North Primary School for their Breakfast Program

Occasional Donation vouchers have gone to:

Korowal School fundraising Auction prize
Blue Mountains Refugee Support Group Emergency Relief
Blue Mountains East Timor Sisters Raffle
Blue Mountains Aboriginal Culture and Resource Centre
Vale Street Mental Health Centre
Blue Mountains Trek for Timor
Blue Mountains Family Support Service
Katoomba Community Gardens
Blue Mountain Food Rescue and Soul Kitchen

Shopper Donations and Donations Box

In addition to the Coop donating from our surplus, the donations box on the counter in the shop is a way for the Co-op to facilitate shopper donations to wider causes. Over the last year the box has been dedicated to a different group in three months blocks.

Each quarter shoppers have donated an average of \$200 towards these groups:

January to March 2014 – Typhoon Haiyan Appeal through Oxfam

April to June 2014 – Midnight Basketball for disadvantaged youth in BM.

As well as the donations box, Zeb and some Kindle Hill students held a Coop Chai Stall at Winter Magic. They collected \$1 from each cup of Chai sold to go towards the Midnight Basketball Project.

July to September 2014 - BM Refugee Support Group urgent appeal

October to December 2014 - Family Support Service Christmas Appeal

BM Food Rescue and Soul Kitchen

Workers regularly collect food that can't be sold in the shop eg dented cans, food past its 'best before' date etc. The food is picked up by the BM Food Rescue and Soul Kitchen who provide free Sunday lunches at the Civic centre in Katoomba.

For the Coop to be involved with other local community organisations through donations is a very valuable way of contributing to our community. Let's continue to build upon this in the future.

At the 2013 AGM there was also some discussion of other methods of giving to our community such as education and support, looking at perhaps setting up a Co-op trust or approving an even higher percentage for donations. This is the beginning of an important conversation for the Co-op and it's great that we are now in a position to look at ideas such as these once again.

**BLUE MOUNTAINS FOOD
CO-OPERATIVE LIMITED ABN
44 541 435 003**

**Financial Statements
For the year ended 30 June 2014**

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

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BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2014.

Directors

The names of the directors in office at any time during or since the end of the year are:

Georgia Page
Gren Olsen
Larry Buttrose
Will MacLean
Leanne Eagle
Cathy Cavanagh
Helen Langsford

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Result

The profit of the company for the financial year after providing for income tax amounted to:

Year ended 30 June 2014	Year ended 30 June 2013
\$ 54,423.06	\$ 20,314.46

Principal Activities

The principal activities of the company during the course of the year were operation of food co-operative.
No significant change in the nature of these activities occurred during the year.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The accompanying notes form part of these financial statements.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Directors' Report

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Share Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:



Georgia Page
Director



Gren Olsen
Director

Dated: 16th day of September, 2014

The accompanying notes form part of these financial statements.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

William Tomiczek
Registered Company Auditor 1425
66 Emu Plains Rd Mt Riverview 2774



01/09/2014

Mt Riverview

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	3,016,628.63	2,843,623.57
Other revenue	2	(220,743.15)	(211,244.86)
Cost of sales		<u>(2,055,900.28)</u>	<u>(1,947,464.99)</u>
Gross profit		739,985.20	684,913.72
Other income	2	3,813.92	1,463.60
Marketing		(931.11)	(2,666.20)
Selling expenses			(602.41)
Administration expenses		<u>(688,444.95)</u>	<u>(662,794.25)</u>
Operating profit before income tax		54,423.06	20,314.46
Income tax (credit) attributable to operating profit (loss)			
Operating profit after income tax		<u>54,423.06</u>	<u>20,314.46</u>
Retained profits at the beginning of the financial year		20,314.46	
Total available for appropriation		74,737.52	20,314.46
Retained profits at the end of the financial year		<u>74,737.52</u>	<u>20,314.46</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Total other comprehensive income for the year, net of tax			
Total comprehensive income for the year		<u>74,737.52</u>	<u>20,314.46</u>

The accompanying notes form part of these financial statements.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Statement of Financial Position as at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current Assets			
Cash assets	4	585,695.49	489,649.55
Receivables	5	1,899.32	4,272.46
Inventories	6	84,207.85	89,057.91
Other financial assets	7	1,000.00	1,000.00
Total Current Assets		<u>672,802.66</u>	<u>583,979.92</u>
Non-Current Assets			
Receivables	5	19,339.59	17,191.45
Property, plant and equipment	8	76,705.44	73,704.75
Total Non-Current Assets		<u>96,045.03</u>	<u>90,896.20</u>
Total Assets		<u>768,847.69</u>	<u>674,876.12</u>
Liabilities			
Current Liabilities			
Payables	10	42,300.79	35,547.36
Financial liabilities	11	1,048.66	1,048.66
Current tax liabilities	12	13,754.29	(9,097.00)
Provisions	13	38,699.46	26,705.84
Other	14	34,463.21	33,287.79
Total Current Liabilities		<u>130,266.41</u>	<u>87,492.65</u>
Non-Current Liabilities			
Provisions	13	34,812.25	29,640.83
Total Non-Current Liabilities		<u>34,812.25</u>	<u>29,640.83</u>
Total Liabilities		<u>165,078.66</u>	<u>117,133.48</u>
Net Assets		<u>603,769.03</u>	<u>557,742.64</u>
Equity			
Retained profits		74,737.52	20,314.46
Other		529,031.51	537,428.18
Total Equity		<u>603,769.03</u>	<u>557,742.64</u>

The accompanying notes form part of these financial statements.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Statement of Cash Flows

For the year ended 30 June 2014

	2014	2013
	\$	\$
Cash Flow From Operating Activities		
Receipts from customers	2,783,673.44	2,616,870.83
Payments to Suppliers and employees	(2,668,697.93)	(2,626,917.21)
Interest received	13,632.93	13,343.65
Net cash provided by (used in) operating activities (note 2)	<u>128,608.44</u>	<u>3,297.27</u>
Payment for Property Plant and Equipment	(32,562.50)	(14,152.36)
Net increase (decrease) in cash held	96,045.94	(10,855.09)
Cash at the beginning of the year	<u>489,649.55</u>	<u>500,503.64</u>
Cash at the end of the year (note 1)	<u><u>585,695.49</u></u>	<u><u>489,649.55</u></u>

The accompanying notes form part of these financial statements.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Statement of Cash Flows

For the year ended 30 June 2014

2014

2013

Note 1. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Sydney Credit Union	206,801.19	125,208.22
Sydney Credit Union Term Deposit	160,874.06	154,096.99
Maleny Term Deposits	104,975.28	101,056.41
Bendigo Bank Term Deposit	111,086.28	107,481.82
Cash on hand	1,958.68	1,806.11
	<u>585,695.49</u>	<u>489,649.55</u>

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Notes to the Financial Statements
For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on the 1st day of September, 2014 by the directors of the company.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependant on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of the statements are as follows:

Accounting Policies

(a) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
----------------------	-------------------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Notes to the Financial Statements

For the year ended 30 June 2014

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(b) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

(d) Investments

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Notes to the Financial Statements

For the year ended 30 June 2014

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial Assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available for sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Notes to the Financial Statements

For the year ended 30 June 2014

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit and loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principle payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bond terms to maturity that match the expected timing of cash flows.

(g) 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 short-term borrowings in current liabilities on the statement of financial position.

(h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Notes to the Financial Statements

For the year ended 30 June 2014

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the investment.

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

(i) 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 Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) 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. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Notes to the Financial Statements
For the year ended 30 June 2014

2014

2013

Note 2: Revenue and Other Income

Sales revenue:

Non-primary production trading revenue	3,016,628.63	2,843,623.57
	<u>3,016,628.63</u>	<u>2,843,623.57</u>

Other revenue:

Interest revenue	13,632.93	13,343.65
Discounts to members	(310,432.19)	(298,349.09)
Membership Fees	62,174.50	60,253.02
Rent received	13,881.61	13,507.56
	<u>(220,743.15)</u>	<u>(211,244.86)</u>

Other income:

Other non-operating revenue	3,813.92	1,463.60
	<u>3,813.92</u>	<u>1,463.60</u>

Note 3: Profit from Ordinary Activities

Profit (loss) from ordinary activities before income tax has been determined after:

Charging as Expense:

Bad and doubtful debts		29.66
Cost of non-primary production goods traded	2,055,900.28	1,947,464.99
Depreciation of non-current assets:		
- Other	18,244.56	17,773.25
Total depreciation expenses	<u>18,244.56</u>	<u>17,773.25</u>
	<u><u>18,244.56</u></u>	<u><u>17,773.25</u></u>

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Notes to the Financial Statements

For the year ended 30 June 2014

	2014	2013
Note 4: Cash assets		
Bank accounts:		
Sydney Credit Union	206,801.19	125,208.22
Sydney Credit Union Term Deposit	160,874.06	154,096.99
Maleny Term Deposits	104,975.28	101,056.41
Bendigo Bank Term Deposit	111,086.28	107,481.82
Other cash items:		
Cash on hand	1,958.68	1,806.11
	<u>585,695.49</u>	<u>489,649.55</u>
 Note 5: Receivables		
Current		
Trade debtors	713.68	2,134.57
Accrued Interest	1,185.64	2,137.89
	<u>1,899.32</u>	<u>4,272.46</u>
Non-Current		
Bonds & Deposits	19,339.59	17,191.45
	<u>19,339.59</u>	<u>17,191.45</u>
 Note 6: Inventories		
Current		
Raw materials and stores at net realisable value	84,207.85	89,057.91
	<u>84,207.85</u>	<u>89,057.91</u>

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003**Notes to the Financial Statements****For the year ended 30 June 2014**

	2014	2013
Note 7: Other Financial Assets		
Current		
Shares in other corporations - at cost:		
- Listed on a prescribed stock exchange	1,000.00	1,000.00
	<u>1,000.00</u>	<u>1,000.00</u>
	<u>1,000.00</u>	<u>1,000.00</u>
Note 8: Property, Plant and Equipment		
Leasehold improvements:		
- At cost	7,973.36	7,248.51
- Less: Accumulated depreciation	<u>(7,500.32)</u>	<u>(6,649.40)</u>
	<u>473.04</u>	<u>599.11</u>
Plant and equipment:		
- At cost	264,031.45	234,341.94
- Less: Accumulated depreciation	<u>(187,799.05)</u>	<u>(161,236.30)</u>
	<u>76,232.40</u>	<u>73,105.64</u>
	<u>76,705.44</u>	<u>73,704.75</u>
Note 9: Investment Property		
Balance at beginning of year	<u> </u>	<u> </u>
Balance at end of year	<u> </u>	<u> </u>
Note 10: Payables		
Unsecured:		
- Trade creditors	42,300.79	35,547.36
	<u>42,300.79</u>	<u>35,547.36</u>
	<u>42,300.79</u>	<u>35,547.36</u>

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003**Notes to the Financial Statements****For the year ended 30 June 2014**

2014

2013

Note 11: Financial Liabilities**Current**

Unsecured:

- Bonds/Sub-leases

1,048.66	1,048.66
<u>1,048.66</u>	<u>1,048.66</u>
<u>1,048.66</u>	<u>1,048.66</u>

Note 12: Tax Liabilities**Current**

GST payable control account

492.65

(25,168.23)

PAYG Withholding

5,294.41

8,106.37

Superannuation Payable

7,967.23

7,964.86

13,754.29(9,097.00)**Note 13: Provisions****Current**

Employee entitlements*

38,699.46

26,705.84

38,699.4626,705.84**Non Current**

Employee entitlements*

34,812.25

29,640.83

34,812.2529,640.83

* Aggregate employee entitlements liability

73,511.71

56,346.67

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Notes to the Financial Statements
For the year ended 30 June 2014

2014

2013

Note 14: Other Liabilities

Current

Prepaid Membership Fees	<u>34,463.21</u>	<u>33,287.79</u>
	<u>34,463.21</u>	<u>33,287.79</u>

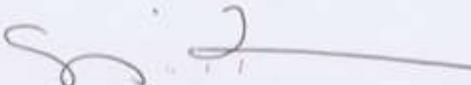
BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards described in Note 1 to the financial statements and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. in the directors' opinion, 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 Board of Directors.



Georgia Page
Director



Gren Olsen
Director

Dated:.....16th.....day of September 2014

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Independent Auditor's Report

We have audited the accompanying financial report, being a special purpose financial report, of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED (the company), which comprises the Directors' Declaration, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes In Equity, notes comprising a summary of significant accounting policies and other explanatory notes for the year ended 30 June 2014.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 have conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We 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, which has been provided to the directors of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED on 30 June 2014, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED is 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 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Independent Auditor's Report

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Signed on :1st of September 2014



Registered Company Auditor 1425

William Tomiczek

66 Emu Plains Rd Mt Riverview 2774

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003
Compilation Report to BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED

We have compiled the accompanying special purpose financial statements of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Position as at 30 June 2014, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Directors of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED

The directors of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the directors of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors of BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

29 August, 2014

BLUE MOUNTAINS FOOD CO-OPERATIVE LIMITED ABN 44 541 435 003

Trading Account

For the year ended 30 June 2014

	2014	2013
	\$	\$
<hr/>		
Trading Income		
Sales	<u>3,016,628.63</u>	<u>2,843,623.57</u>
Total Trading Income	<u>3,016,628.63</u>	<u>2,843,623.57</u>
Cost of Sales		
Add:		
Cost of sales	<u>2,055,900.28</u>	<u>1,947,464.99</u>
	<u>2,055,900.28</u>	<u>1,947,464.99</u>
Cost of Sales	<u>2,055,900.28</u>	<u>1,947,464.99</u>
Gross Profit from Trading	<u>960,728.35</u>	<u>896,158.58</u>

The accompanying notes form part of these financial statements.



Minutes
Annual General Meeting
25th November 2014 at 7:00pm
The Library, Carrington Hotel
15-47 Katoomba St, Katoomba

Chair: Georgia Page

Returning Officer: Zeb Olsen

Apologies:

1. **Acknowledgement of Country:** Georgia Page
2. **Talk by Rosa Del Ponte from Mountains Soul Kitchen** – Rosa talked about her work with Earth Recovery Australia and in particular Mountains Soul Kitchen in Katoomba which provides meals for the community.
3. **Introduction of Directors** – current Directors were introduced.
4. **Tabling of November 2013 AGM Minutes**
Motion: that the Minutes of the Annual General Meeting of 2013 be accepted.
Moved: Susan Ambler **Seconded:** Amanda Quinn **Carried.**
5. **Notification: GM food donation** - In February of this year the board approved a donation of \$2500 to the Steve Marsh court case. It was later pointed out by a member that the amount of this donation did not clearly fit within any of our policies. The Donations Policy will be amended to incorporate exceptional one-off donations.
6. **Chair's Report** – Georgia Page presented her report for the year.
Motion: that the Chair's Report be accepted.
Moved: Gren Olsen **Seconded:** Beeby **Carried.**
7. **Treasurer's Report, donations Budget for following year** – Gren Olsen presented a report to the meeting, including the Auditor's report.
Motion: that the Treasurer's Report be accepted.
Moved: Elisabeth Gahl **Seconded:** Rebekah Norton **Carried.**
8. **Manager's Report** – Halin Nieuwenhuys presented her report.
Motion: that the Manager's Report be accepted.
Moved: Leanne Eagle **Seconded:** Gerhardt Hassler **Carried.**
9. **Donations Report** - Lesley Sammon report on donations for the financial year.
Motion: that the Donations Report be accepted.
Moved: Margot Turner **Seconded:** Maeve Dunnett **Carried.**
Some discussion regarding the possibility of changing the rules to allow for a larger percentage donation

and how this could be arranged. Suggestion that a special general members meeting be held with members in about April next year to discuss the direction of the Co-op, including sustainability, expansion of the Co-op and the donations policy.

10. **Resignation of Directors** – Larry Buttrose, Georgia Page, Gren Olsen, Cathy Cavanagh
11. **Call for nominations for Director vacancies.** Nominess: Gren Olsen, Georgia Page, Cathy Cavanagh, Louise O'Halloran, Neil Stuart and George Georgiou.
12. **Introduction of Candidates for Director positions**
13. **Result of voting for Directors:** Georgia Page, Gren Olsen, Cathy Cavanagh, Louise O'Halloran were elected by ballot to the Board of Directors.
14. **Appointment of Directors** – re-elect Chair for meeting
Motion: that Georgia Page be re-elected as Chair for the remainder of the AGM.
Moved: Gren Olsen **Seconded:** Elisabeth Gahl
15. **Thank you to Directors** – Georgia Page
16. **Lucky Door Prize draw** – winner Kay Ridgway.
17. **Open Forum** – some discussion about alternative premises for the shop and the possibility of a café and educational kitchen. Member asked to put a proposal together and talk to the board about the possibility of expanding into these areas.
18. **Refreshments**