

# 2016 ANNUAL REPORT

THE AUSTRALIAN INSTITUTE  
OF FOOD SCIENCE &  
TECHNOLOGY LIMITED

SUPPORTING AUSTRALIA'S FOOD  
INDUSTRY PROFESSIONALS



australian  
institute of  
**food science  
& technology**



# Notice of Annual General Meeting

2017 AIFST Annual General Meeting  
8.30am, 18 July 2017 (registrations from 8.00am)  
Pymont Theatre, International Convention Centre,  
14 Darling Drive, Sydney NSW 2000





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*The AIFST Board has focused its efforts in 2016 on ensuring the foundation phase of the Strategic Plan was delivered. This phase was crucial in ensuring we have the right infrastructure and capabilities in the Institute to deliver against the needs of the current and future membership.*

## THE FOOD INDUSTRY LANDSCAPE

Food and agribusiness has continued to receive high focus and attention throughout 2016. With strong government priority on the science and innovation agenda, this has provided a strong platform for the sector.

While this attention added increased value across the board, the reality of the operating environment saw the Australian food industry experience a challenging year in 2016.

## IMPLEMENTATION OF THE 2016-2018 STRATEGIC PLAN

Under the leadership of the CEO, the AIFST Board continued with the implementation of the 2016 – 2018 Strategic Plan. As the only national independent voice and network for Australia's food industry professionals supporting and underpinning their contribution to the Australian and global food industry, AIFST continues to strive to advance Australia's food industry as a sustainable, world-leading industry.

In 2016, AIFST continued to focus its efforts on the 2016 – 2018 Strategic Plan priority areas covering Membership Services, Industry Services, Skill and Capability Building, Advocacy and Communications.

## 2016 KEY ACHIEVEMENTS & OUTCOMES

- > Stabilised Membership decline in 2016 (1,739) when compared with 2015 (1,779) following decline since 2012.
- > Implemented new website, membership database, financial reporting system and banking institution delivering increased enhanced member interaction and insight; transparency on finances; and new member acquisition capability.



*Peter Schutz, Chair*

- > Launched Communities of Interest Framework as committed to members at the 2014 EDM increasing member engagement in AIFST activities to over 110 members participating across 13 Committees.
- > Held over 35 events involving over 950 participants further supporting food industry professionals to build their network, skill and capability.
- > Industry Services first year of operation delivered 157% of budget target.
- > Restructured *food australia* magazine to reduce costs to a breakeven position.
- > Delivered the successful 49th Annual Convention in Brisbane in June 2016.
- > Hosted the highly anticipated 2nd Asia Australia Food Innovations Conference in Perth in March 2016.



## 2016 – THE FOUNDATION PHASE

The 2016 – 2018 AIFST Strategic Plan has three implementation phases which underpin the organisation's ability to deliver against the strategic plan objectives. The 2016 financial year was centered on foundations and ensuring the Institute had the core platforms and capabilities to underpin the 'growth and diversification' objectives for 2017 and beyond. In addition, the foundations delivered in 2016 directly responded to requests raised in the 2015 members' survey which informed the 2016 – 2018 Strategic Plan.

The outcomes for 2016 delivered against the commitments made to focus efforts on the Membership Services offering and ensure the correct foundations and structures were in place to support the strategic plan moving forward. A core component of the foundation activities was a substantial investment into an upgrade of the Institute's operating systems infrastructure which includes the membership and stakeholder database; combined AIFST and *food australia* website; financial management system; and banking provider. As outlined to members in the 2015 Annual Report, this was a required investment to bring AIFST in line with the operating requirements of 2016 and the expectations of our members of the professionalism of our services.

The AIFST Board is pleased to report that the Institute launched its new systems on 1 October 2016 providing greater transparency and accuracy around membership, utilisation of AIFST services and finances. The systems now provide a baseline for which new members can be captured and acquired to underpin the membership growth objective. The new systems yielded significant return in the 2017 membership renewal period with membership renewals tracking on average two months' ahead of previous year positions comparative to that point in time. Additionally, the new internal



systems allow AIFST to stay engaged with lapsed members and capture non-members who engage with AIFST's services as a channel for converting new members.

### 2016 FINANCIAL PERFORMANCE

The deficit of the Company for the year was \$564,334, which compares with a deficit of \$301,962 for the year ended 31st December 2015.

The AIFST Board approved a deficit budget for 2016 to allow for the significant investment required in internal systems infrastructure to support the long term growth and sustainability objectives of the Institute. Additionally, the deficit includes unbudgeted payment of long serving employees accrued entitlements and provisions that left the business in 2016. This had a significant impact on the cash position of the organisation ending 31st December 2016.

As members have been made aware for several years, *food australia* continues to face challenges in a broader food industry fiscal environment. The AIFST Board instigated a review of the publication during 2016 to allow the Institute to bring the cost of delivering the service in line with the income received.

Overall the wider food industry experienced a challenging fiscal year which had cumulative impacts on the finances of the Institute. In particular, while the 2016 Convention was overall a great success in terms of program and content, holding the event in Brisbane during this challenging period for the food industry limited the ability for many companies to send employees to attend the event. This impacted the final overall result for the event.

# Chair's Report

The AIFST Board has been actively engaged in monitoring the ongoing financial position of the Institute. While 2016 represented an unprecedented environment for the Institute, the AIFST Board remain focused on yielding a return on the investments made during the year to drive the growth and diversification requirements of the Institute.

The AIFST Board wishes to reassure members it is taking a proactive role to ensure that while faced with a challenging economic environment, AIFST continues to build the service offering to members and actively grow the membership base of the Institute to reverse the decline witnessed since 2006.

A conservative surplus budget has been approved for 2017 prepared on the assumption of an ongoing challenging environment for the food industry. All income and overheads costs have been modelled on those experienced in 2016 to reflect a realistic baseline performance for the Institute in 2017. During 2016 the organisation incurred one-off expenses not expected to be repeated in 2017 including new systems upgrade (\$118,000), employee expenses (\$103,000), restructure of education and training and redeployment of costs following review of projects in 2016 such as *food australia*.



*Breaducation Event*

It is also pleasing that membership numbers have remained stable from 2015 (1,779) to 2016 (1,739) given the decline experienced since 2012. With the new systems also providing a strong foundation, the focus for 2017 is on rebuilding the membership base to ensure we are truly representative of the current food industry professional.

The AIFST Board have taken the view that with a conservative approach in place, an appropriately skilled management team, 50th Anniversary celebration and co-location with *foodpro* for this year's Convention, 2017 will yield a stronger position for the Institute.

## AIFST MANAGEMENT TEAM

The AIFST Management Team underwent changes and restructuring during 2016 to ensure the organisational structure reflected and underpinned the ability for the Institute to deliver against the 2016-2018 Strategic Plan. The changes in 2016 provided the integration of finance and administration into one position. Additionally, to reflect the key role of the Institute in servicing members and ensuring the ongoing skill and capability building support as a core component of the membership offering, the positions of Continuing Professional Development and Membership and Events Coordinator were consolidated into a new position of General Manager of Membership Services. The introduction of this role brings enhanced membership strategy and leadership to the Institute. As a small team, the Board needs to ensure we have a cross functional skill set and highly professional management team to serve the needs of our members and deliver the strategic plan.

As a result of the changes we did say farewell to longstanding employee Julie Bennett, AIFST's Office Manager and Bronwyn Graham, AIFST's Continuing Professional Development Coordinator and more recently, Skill and Capability Building Program Manager. In 2016

AIFST also said farewell to Mel Malloch following 26 years of service to the Institute. Mel joined AIFST in 1990 as journal manager of *food australia* and up until 2014 was Executive Manager.

Mel, Julie and Bronwyn have contributed significantly to AIFST during the course of their time with the Institute. I am sure many members would extend the same thank you for their service.

## THE YEAR AHEAD

AIFST will celebrate its 50th Anniversary in 2017, representing a significant milestone for the Institute and providing a chance to celebrate our key achievements over the past 50 years, while looking to the future. As we recognise our 50th Anniversary, we will also focus on building for the next 50 years. Our priorities in 2016, in line with the 2016-2018 Strategic Plan, were on ensuring AIFST had strong foundations so we could better service members' needs and add new value moving forward.

In 2017 we will concentrate on the growth and diversification phase of the strategic plan to leverage the infrastructure investments made in 2016 to implement strategies to grow our membership, increase industry awareness of the Institute and deliver new services and value to members.

Globally membership organisations continue to face challenges and the AIFST Board is working to ensure a sustainable, relevant and modern organisation that can service the needs of Australia's food professionals.

The AIFST Board would like to thank members for their patience and support as we have worked through a challenging time.

**Peter Schutz, FAIFST  
AIFST Chair**







*Our priority in 2016 was on delivering against the foundation requirements for the Institute to service and deliver value to our members into the future. We are focused now on leveraging on the efforts in 2016 to focus on diversification and growth across the Institute.*

2016 represented a significant year for AIFST as we worked to deliver the foundation phase of the Strategic Plan ensuring the platform for a modern, connected, engaged and relevant Institute into the future. While the journey is far from complete, I am proud of the progress we have made to date towards ensuring AIFST will be a strong, adaptive, growing and innovative force into the future.

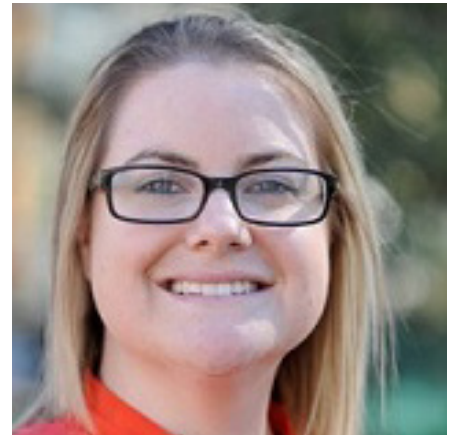
Our Chair, Peter Schutz, highlighted the significant year for the Institute. We had some large projects that needed to be completed to ensure AIFST could add value to our current members while positioning the Institute for future members. This was not an easy task and at times presented challenges. I would like to extend my thanks to members, Communities of Interest Committee volunteers and stakeholders who have provided valuable input and support throughout the transitions in 2016.

I am pleased to be able to provide a further update on the outcomes from the year and the priorities for 2017.

## THE YEAR IN REVIEW

We continued to implement the strategic priority areas identified as core activities in 2016. These included Membership Services, Skill and Capability Building, Industry Services and Communications. As advised to members, the strategic priority area of Advocacy is a longer term objective for the Institute following the successful implementation of the initial stages of the strategic plan.

Progress was made across all these priority areas with the key project linking many of these pillars being the systems infrastructure upgrade project. As part of this project we implemented a new membership database system to allow AIFST to better manage our members information along with providing greater insight into who are members are and what services are they



*Georgie Aley,  
Chief Executive Officer*

utilising. Intrinsically linked to the database was the upgrade to the AIFST website. This upgrade allowed for real-time engagement by members with their membership and a portal platform for AIFST to launch new member only services and capabilities adding value to members. In parallel to these two systems we upgraded the Institute's financial management system to provide greater transparency and reporting of the financials along with changing banking provider to deliver streamlined services across our new website and financial management system.

The systems upgrade project was delivered in October 2016 and has yielded immediate results for AIFST. It has allowed for better management and transparency around membership numbers especially during renewals along with the capture of potential members who have engaged with any of our services throughout the year. This allows AIFST to broaden its reach and raise greater awareness of the offerings of membership.

## MEMBERSHIP SERVICES

As the core focus of AIFST, Membership Services remains a priority. During the course of 2016 several steps were taken to ensure as part of the foundation phase of the



Strategic Plan we were reviewing and updating procedures and processes around all of our programs. As a result of this, AIFST is now able to reposition the services offering for members and potential members from 2017 as well as introduce new member benefits to increase member value.

A key indicator of the benefit of the changes made to the Institute following the 2014 Extraordinary General Meeting is membership numbers. As AIFST Chair Peter Schutz outlined in his report, we are pleased to report that Membership numbers remained stable in 2016 (1,739) when compared with 2015 (1,779), reducing the decline experienced in previous financial years. With the new position of General Manager of Membership Services and our active Communities of Interest, we will continue to focus on building the membership as a core priority in 2017 and beyond.

2016 saw the Institute deliver against the commitment made at the 2014 Extraordinary General Meeting in October 2014, to transition the previous Branch and Interest Groups under a new Communities of Interest framework. The new framework was launched in September 2016 and is now fully operational. There are over 110 members participating across 13 Communities of Interest Committees providing advice and guidance to the membership services AIFST will deliver for members in 2017.

Our Committees and Communities of Interest assisted in the delivery of 15 events involving over 530 members in 2016. These events covered activities from technical forums, networking functions, factory tours and the ever popular Christmas functions.

I would like to acknowledge the contribution of our previous Branch Committee Members who contributed in these positions for many years assisting to deliver services



and value to members. I would also like to thank our new Community of Interest Committee members who joined in 2016.

As volunteers of the Institute their contribution is above and beyond their daily professional demands and should not go unrecognised. Our Committee volunteers ongoing input and guidance is crucial to ensuring we are delivering against the real time needs of our members.

## SKILL AND CAPABILITY BUILDING

We continued to provide a range of professional development opportunities for members and non-members to maintain currency and enhance their skill and capability. In 2016, we delivered over 15 courses and seminars through both standalone and co-hosted activities, including those with the Australian Food and Grocery Council (AFGC). AFGC continued to provide support for the AIFST program in 2016. The Institute expresses its thanks to the AFGC for their ongoing support of the Skill and Capability Building Program.

As outlined in the 2016 – 2018 Strategic Plan and 2015 Annual Report, the

Continuing Professional Development program transitioned under the Skill and Capability Building strategic priority area during the year. As Skill and Capability Building is a core component of the wider Membership Services offering, overarching responsibility for this area sits within this strategic priority. This also allows greater collaboration and interface between the Communities of Interest and Skill and Capability Building offering to meet the identified needs of food industry professionals in a range of formats that suit today's working conditions.

AIFST is focused on ensuring multiple channels and platforms for members to engage in the skill and capability offering through the introduction of webinars in 2017.

## INDUSTRY SERVICES

The Industry Services area performed well in 2016, which was the first year of implementation of this focus within the Institute. As a core foundation to the growth and diversification objectives of the Institute, the foundation year of Industry Services saw a 157% achievement of the 2016 budget targets.

With a key focus on building greater linkages within industry to raise the awareness and profile of the Institute, as well as building alternative revenue streams to support the longer term Institute sustainability, Industry Services is on track to deliver against the strategic objectives set out in the 2016 – 2018 Strategic Plan.

The priority in 2017 will be to continue to deliver against budget targets as well as identify longer term funding streams for the Institute. The generation of revenue via Industry Services provides new streams of income to fund and invest in the delivery of both new and current services to members without the sole reliance on annual membership fees and the Convention.

## COMMUNICATIONS

As we work to proactively communicate and engage with our members and stakeholders to ensure they are kept up-to-date and informed on relevant news and opportunities, a significant amount of work was completed in 2016. During the course of the year the following was delivered:

- > **food australia magazine**  
As a valuable resource for members, future proofing the magazine is a key priority. With advertising revenue continuing to be a challenge in 2016 in light of a challenging fiscal year for the food industry, a review was conducted of the magazine and the external publications support was put to tender. As a result of this, a more cost effective and modernised publication has been implemented with a focus in 2017 on building member visibility into the magazine and returning the publication to a zero cost position for the Institute.
- > **AIFST Annual Convention**  
The 49th Annual AIFST Convention was held in Brisbane QLD in June 2016. The annual event was co-located with the FoodTech Exhibition and brought together key industry players. *Themed The Pulse of the Industry*, the Convention provided a firsthand opportunity for delegates to hear the latest news covering food-related science, technology and innovation. While a successful program and event was delivered, the Convention was met with the challenge of the

industry economic environment with many companies unable to send several employees to attend the event. This had an impact overall on the final financial performance of the event.

- > **Asia Australia Food Innovations Conference**  
AIFST hosted the second Asia Australia Food Innovations Conference in Perth WA in March 2016. The Conference was organised with the drive and contribution of the local committee. AIFST would like to thank the Committee and acknowledge their significant input into the Conference. The event provided insight into opportunities for Australian product in Asian markets and the science, technology and innovation being developed in Australia with the ability to assist the food industry in realising these opportunities.
- > **AIFST website**  
The infrastructure upgrade delivered in 2016 included the launch of a new AIFST website. The website provides the front end of a series of changes we have made to move AIFST 'online', ensuring we can better serve your needs and provide more direct communications in the future based on your areas of interest and geographic location. The AIFST website now houses a 'My Portal' for each member which will serve as the platform for members to utilize the full extent of their member services. Additional functionality and services will be offered through the website to members in 2017.
- > **Engagement with International Institutes**  
Linkages and partnerships were a key area of success for AIFST in 2016. We continued our engagement with the Institute of Food Technologists (IFT) in the United States of America, New



WA Asia Australia Food Innovations Conference



Zealand Institute of Food Science and Technology and IUFoST. The Institute's ongoing membership of IUFoST is under review by the AIFST Board. This will continue to be an ongoing dialogue with IUFoST to determine a revised value proposition for AIFST members moving forward. In 2017, we will continue to build our engagement with the appropriate corresponding organisations to deliver further membership offerings.

## THE TEAM

The outcomes achieved in 2016 are a direct reflection of the hard work and dedication of the AIFST team. I would like to thank the team for their input and contribution to advancing the Institute in what was a challenging and evolutionary time. The outcomes delivered during the year will provide a significant platform for the Institute to build on for future years and I congratulate each of the team on their contribution towards this.

## LOOKING AHEAD

As the only national, independent voice and network for Australia's food industry professionals, AIFST works to support its members' contribution to the Australian and global food industry.

We are focused in 2017 on evolving the service offering to members to ensure we are providing them with the required and relevant resources they need to maintain their currency in an ever changing environment and build their peer network and engagement across the industry.

Our strategic priority for 2017 is around diversification and growth as we leverage the investments and work done in 2016 during the foundation phase of the 2016 – 2018 Strategic Plan.

**Georgie Aley**  
AIFST Chief Executive Officer &  
Company Secretary



# YOUR BOARD AND CEO



## **DR ANNE ASTIN**

PSM, BSC (Hons), PhD,  
FAIFST

*Resigned 19 May 2016*

Anne is the former inaugural Chief Executive Officer of the Victorian Government's authority, Dairy Food Safety Victoria. For more than 30 years she has held senior executive positions in the Victorian public sector, working in food policy and regulation, public health, agriculture, minerals and petroleum, natural resources and environment, land administration and forensic science.

Anne held the position of AIFST Chair until 19 May 2016 when she retired from

the AIFST Board. Anne is a non-Executive Director and Chair of the William Angliss Institute of TAFE, Food Agility CRC and SafeFish. She is a member of EnergySafe Victoria's Audit and Risk Committee and Chair of the Grains & Legumes Nutrition Council's Code of Practice Complaints Committee. Anne has previously held Directorships at Australian Dairy Farmers, Dairy Australia, the Melbourne Royal Botanic Gardens and was Chair of the Victorian Minister's Women in Primary Industries Advisory Panel and not-for-profit Wellsprings.

In 2013 Anne was appointed to the Panel of the New

Zealand Government's Inquiry into the Whey Protein Contamination Incident. She is the immediate past Chair of the Australian and New Zealand Implementation Sub-Committee for Food Regulation.

In 2011 Anne was awarded the Public Service Medal in the Victorian Division of the Queen's Birthday Honours for her services to the dairy industry, national food regulation and rural women.

Anne is a member of the Australian Institute of Company Directors and a Fellow member of AIFST.



## **MR MARC BARNETT**

Non-Executive Director  
*Resigned 5 September 2016*

Marc is a senior executive with a strong track record in growing businesses, leading large teams, and developing and building effective work cultures. Marc spent eight years working across ninemsn, Mi9 and Microsoft in a variety of roles. As Chief Operating Officer of Mi9, Marc restructured the ninemsn joint venture into a wholly owned business of Nine Entertainment Co (NEC) prior to its listing on

the ASX. He successfully established a joint venture with MailOnline to bring the *The Daily Mail* to Australia.

Based in Singapore as APAC Sales Director for Microsoft, Marc was responsible for driving revenue growth and developing business relationships across Australia, New Zealand, South Korea and South East Asia.

Marc is known as a progressive and passionate leader within the online advertising industry and established the world's

first premium mobile ad exchange through a partnership with Mi9 and Fairfax Media. He was the inaugural Chairman of the Australian Premium Exchange (APEX) board. In addition to APEX, Marc was also a Director of the leading financial comparison site, RateCity.

Marc was named the *Australian Financial Review* *Boss Magazine* 'Young Executive of the Year' in 2014 and named in *AdNews* 'Top 40 under 40' in 2012. Marc is not a member of AIFST.





**MR THOMAS (TOM) DEBNEY**

BSc, Grad Dip Mgt, FAIFST  
Non-Executive Director  
*Resigned 19 May 2016*

Tom has extensive experience in managing organisations throughout Australia and Asia across the food, food ingredients,

chemicals and packaging industries. His career began in Research and Development at CSIRO and Kraft Foods before he relocated to the UK to take-up various Managing Director positions.

Tom currently sits on a number of small company

boards and advisory committees and is Principal Consultant with Expense Reduction Analysts. He is a Member of the Australian Institute of Company Directors, a Fellow member of AIFST and current independent member of the AIFST Finance, Audit and Risk Committee.



**DR CHRIS DOWNS**

PhD, GAICD, MAIFST  
Non-Executive Director  
*Appointed 17 November 2016*

Chris leads CSIRO's Food Program including science and innovation outcomes in food, food ingredients and beverages. Key research areas include: Food Safety, Food Stability, Food Structure and Sensory and Food Transformation.

Chris has experience working with meat, dairy, seafood and horticulture

sectors in Australia and New Zealand. He has previously held executive positions in Food Science Australia, CSIRO Food and Nutritional Sciences, CSIRO Animal, Food and Health Sciences and the New Zealand Institute for Crop & Food Research, with responsibilities including; capability development, science strategy and leadership, investment portfolio leadership, business development and commercialisation.

His previous directorships include companies involved in innovation and commercialisation in the seafood and biomaterials sectors. Chris is currently a Director of one of New Zealand's Crown Research Institutes, and the Institute of Food Technologists in the USA.

Chris is a professional member of AIFST and a Graduate of the Australian Institute of Company Directors.



**MR STEWART EDDIE**

BAppSC, MAIFST  
Non-Executive Director

Stewart is a Food Technologist who has both hands-on and management experience in all aspects of developing and industrialising new products.

Stewart is currently employed by Weis Frozen Foods as New Products Manager. He has served as a Senior Food Technologist at the South Australian Food Centre and as Product Development Manager with Nestle Chilled Dairy. Prior to Nestle, Stewart was employed by Food

Spectrum, a Brisbane-based SME based that provides innovative ingredient solutions to the food industry. Stewart is a Professional member of AIFST.

# YOUR BOARD AND CEO



## **MS FIONA FLEMING**

B. App Sc (Food Tech),  
MNutr Mgt, MAIFST,  
MAICD  
Non-Executive Director

Fiona is an Advisor in Policy and Regulation for the Australian Food and Grocery Council and a Director of FJ Fleming Food Consulting Pty Ltd. Prior to establishing her business, Fiona worked for a large FMCG company in the role of Group Quality and Corporate Affairs Manager.

Fiona has more than 30 years' experience in the food industry in the areas of dairy, seafood, cereal based foods, smallgoods, tea, simmer sauces and pastes, ingredients and infant formula. As an experienced Corporate and Regulatory Affairs professional, she has been involved in leading and facilitating change and developing management strategies across a portfolio of food policy and regulation matters in global FMCG

and non-Government environments.

Fiona is currently serving as a Non-Executive Director of AIFST and a Non-Executive Director of Healthy Kids. Fiona is a member of Allergy and Anaphylaxis Australia; an Associate Member of the Allergen Bureau and a member of the Australian Institute of Company Directors. Fiona is a Professional member of AIFST.



## **CHERYL HAYMAN**

B.Com (Mktg), GAICD,  
FAMI, MAIFST  
Non-Executive Director  
*Appointed 19 May 2016*

Cheryl has both International and Australian senior executive experience, specialising in top-line revenue growth, consumer insights, branding, social media and innovation.

Cheryl is a professional independent non-executive director, with a current Board portfolio encompassing ASX-listed, public unlisted and not-for-profit organisations. She has a significant corporate background in food - mainly with global, franchise and multi-stakeholder companies across big brands in Unilever, Yum Restaurants and George Weston Foods.

Specifically, as a marketing and innovation leader, Cheryl spearheaded many new product developments, built teams of capable people and developed lasting relationships at all levels.

Cheryl has always been focused on customer experiences and the ability of product, innovation, supply chain and technology, to impact growth.

Cheryl is a Non-Executive Director of Clover Corp (ASX:CLV), which delivers science-based bioactives which provide health benefits. Clover operates across Asia, Australia/NZ, USA and Europe and recently joined the Board of HGL Ltd (ASX:HNG). Prior Board experience includes

Houston's Farm (Tas) and Cheryl recently joined the AgriMinds group.

Cheryl has significant experience in the development of strategy and strategic pathways for member organisations such as Peer Support Australia (education) and HerBusiness (formerly the Australian Businesswomen's Network). Cheryl has also previously worked as a Director for many multi-stakeholder organisations including Basketball Australia, St John (NSW), and JIMACO (an independent jewellers' buying and marketing group).

Cheryl is a Professional member of AIFST and a Graduate of the Australian Institute of Company Directors.





**DR ANDREAS KLIEBER**

BSc (Food Tech Hons 1),  
 PhD, MAIFST  
 Non-Executive Director  
*Appointed 19 May 2016*

Andreas has more than 25 years' experience as a professional Food Scientist and Technologist within the Australian food industry.

He graduated from the University of New South Wales, Sydney with a BSc (Hons 1) and PhD in Food Science and Technology. Following two years of postdoctoral research with

the University of British Columbia and Agriculture Canada, he lectured and undertook further research for 13 years in horticulture and food technology with the Universities of Queensland and Adelaide.

Andreas gained in-depth understanding of retail technical and quality management through his three-year role with the innovation-leading retailer Marks & Spencer in the UK. Returning to Australia he worked as Technical Manager and Supply Chain

Sustainability Manager with Coles Supermarkets for seven years. In that time, he worked closely with a diverse food manufacturing base including primary product and high-risk ready-to-eat products to enhance quality and protect brand reputation.

Currently, Andreas is a partner and director in the Quality Associates group providing quality services and training to the food industry. Andreas is a Professional member of AIFST.



**DR THOMAS (TOM) LEWIS**

PhD, MAIFST, FAICD  
 Non-Executive Director

Tom has more than 30 years' experience in commercial, research and academic roles in the food industry. Previous roles include Business Development Manager for the Australian Food Safety Centre of Excellence, researcher for the Tasmanian Atlantic salmon

sector, and Senior biologist for abalone and oyster aquaculture ventures.

Tom is a co-owner and Director of RDS Partners Pty Ltd, Chief Executive of the Allergen Bureau Ltd and is a founder and Executive Director of FermenTasmania Ltd.

Tom is involved in project management and delivery for a number of food

industry-based organisations including the University of Tasmania, the Defence Science and Technology Group, the CSIRO, the Australian Centre for International Agricultural Research and several private food industry companies.

Tom is a Professional member of AIFST and a Fellow of the Australian Institute of Company Directors.

# YOUR BOARD AND CEO



## MR PETER SCHUTZ

B.Sc(Hons), B.App.Sc.,  
FAIFST, FAICD  
Chair & Non-Executive  
Director

Peter has more than 45 years experience in the Australian food industry with a strong passion for a sustainable and viable profession.

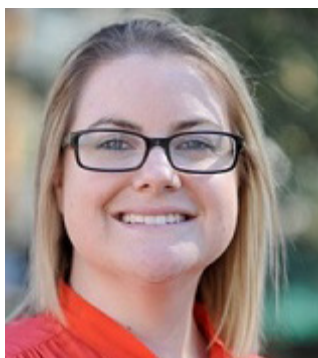
Peter held a range of senior management roles including Group Technical Director of GWF Ltd and Chief Executive of George Weston Technologies until his retirement in 2012.

Peter continues his career with a number of Non-Executive Director roles within the food industry. He is currently Chair of Food Innovation Australia Ltd (FIAL), holds a Ministerial appointment as Chair of the Food & Agribusiness Growth Centre and is a member of the Growth Centre Advisory Committee for the Department of Industry, Innovation and Science (DIIS).

Peter is also Chairman of The Lupin Company (TLC),

Food Safety Centre Advisory Board at Tasmanian Institute of Agriculture and CSIRO Agriculture & Food Advisory Committee. He is a Non-Executive Director of Fermentation Tasmania Ltd and a member of the Universities Precinct Advisory Committee for DIIS.

Peter has been a Professional Member of AIFST since 1984 and was appointed a Fellow of the Institute in 2009. He is also a Fellow of the Australian Institute of Company Directors.



## MS GEORGIE ALEY

BBusMgt(Eq), MBA, GAICD  
Chief Executive Officer &  
Company Secretary

Georgie was appointed CEO and Company Secretary of AIFST in April 2015, having held senior management roles covering membership, policy, government and stakeholder relations within the Australian food and

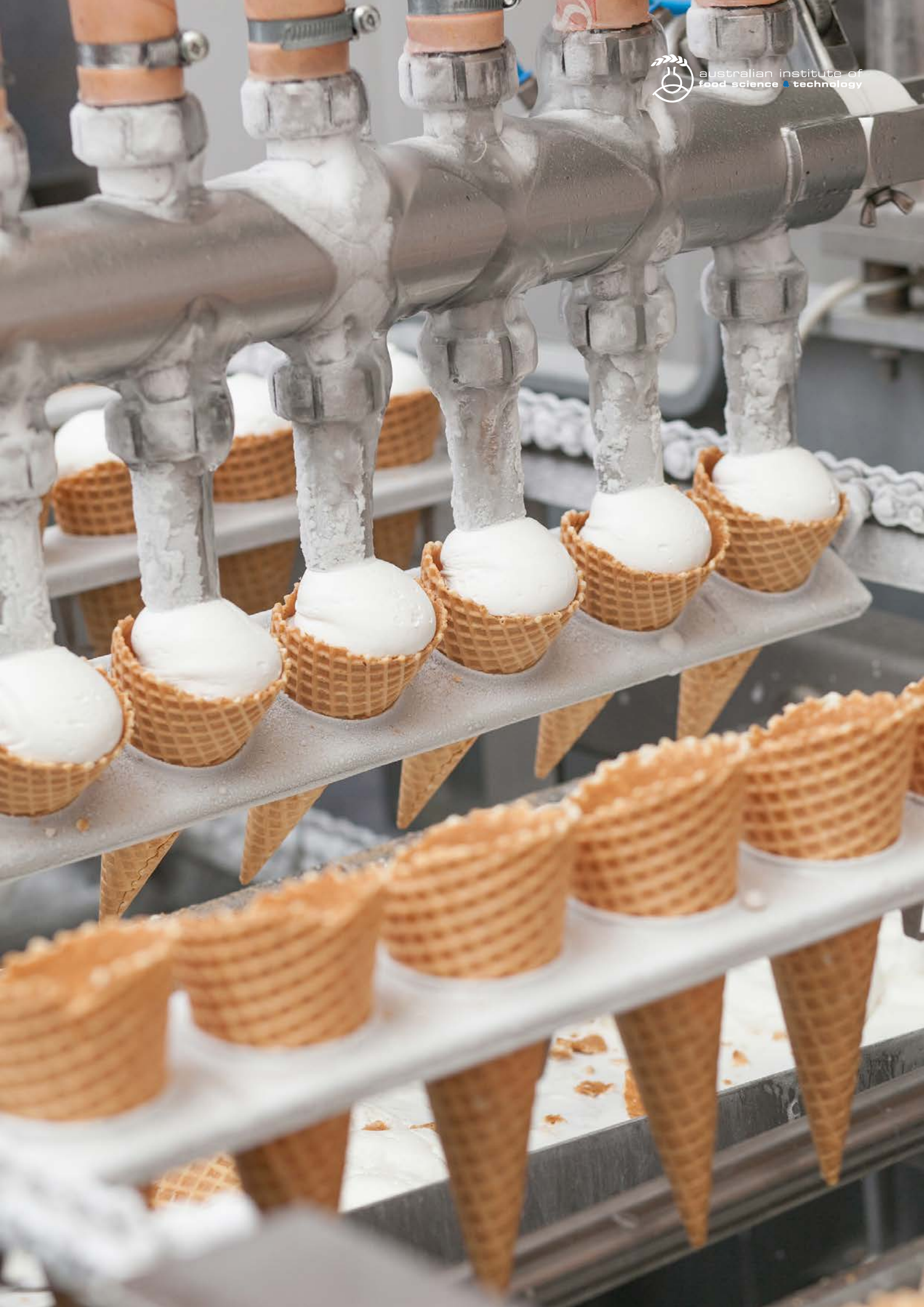
agribusiness sector. Georgie is a Non-Executive Director of Pulse Australia Limited, Workforce Consulting Pty Ltd and Agribusiness Australia Limited.

Georgie's industry leadership has been strongly recognised. She was the inaugural recipient of the Rabobank Emerging Agribusiness Leader of the

Year Award in 2013 and recognised in the Inaugural 100 Women in Australian Agribusiness. Georgie was listed by *The Australian Financial Review* and Westpac in the '100 Women of Influence' for 2014.

Georgie is a Member and Graduate of the Australian Institute of Company Directors.







# FINANCIAL REPORT

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016

THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE  
& TECHNOLOGY LIMITED



**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE  
& TECHNOLOGY LIMITED  
A.B.N. 15 602 767 019**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

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Your Directors present their report on the Company for the year ended 31<sup>st</sup> December 2016.

## **DIRECTORS**

The names of each person who has been a director during the year and to the date of this report are:-

Anne Astin (resigned 19 May 2016)  
Marc Barnett (resigned 5 September 2016)  
Thomas Debney (resigned 19 May 2016)  
Christopher Downs (appointed 17 November 2016)  
Stewart Eddie  
Fiona Fleming  
Cheryl Hayman (appointed 19 May 2016)  
Andreas Klieber (appointed 19 May 2016)  
Thomas Lewis  
Peter Schutz

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

Particulars of the qualifications, experience and special responsibility of each Director, as at the date of this report, are set out after this report.

## **COMPANY SECRETARY**

The following person held the position of secretary during the financial year:

Georgie Aley

## **OPERATING RESULTS**

The deficit of the Company for the year was \$564,334, which compares with a deficit of \$301,962 for the year ended 31<sup>st</sup> December 2015. No provision for income tax has been made in the accounts as the Company is exempt from income tax.

The AIFST Board approved a deficit budget for 2016 to allow for the significant investment required in infrastructure and internal systems to support the long term growth and sustainability objectives of the Institute. Additionally, the deficit includes unbudgeted payment of long serving employees accrued entitlements and provisions that left the business in 2016. This has a significant impact on the cash position of the organisation ending 31st December 2016.

As members have been made aware for several prior years, *food australia* continues to face challenges in a broader food industry fiscal environment. The AIFST Board instigated a review of the publication during 2016 to allow the Institute to bring the cost of delivering the service in line with the income received.

Overall the wider food industry experienced a challenging fiscal year which had cumulative impacts on the finances of the Institute. In particular, while the 2016 Convention was overall a great success in terms of program and content, holding the event in Brisbane during this challenging period for the food industry limited the ability for many companies to send employees to attend the event. This impacted the final overall result for the event.



The AIFST Board has been actively engaged in monitoring the ongoing financial position of the Institute. While 2016 represented an unprecedented environment for the Institute, the AIFST Board remain focused on yielding a return on the investments made during the year to drive the growth and diversification requirements of the Institute.

The AIFST Board can reassure members it is taking an active role to ensure that while faced with a challenging economic environment, AIFST continues to build the service offering to members and actively grow the membership base of the Institute to reverse the decline witnessed since 2006.

A conservative surplus budget has been approved for 2017 prepared on the assumption of an ongoing challenging environment for the food industry. All income and overheads costs have been modelled on those experienced in 2016 to reflect a realistic baseline performance for the Institute in 2017. During 2016 the organisation incurred one-off expenses not expected to be repeated in 2017 including new systems upgrade (\$118,000), employee expenses (\$103,000), restructure of education and training and redeployment of costs following review of projects in 2016 such as *food australia*.

It is also pleasing that membership numbers have remained stable from 2015 (1,779) to 2016 (1,739) given the decline experienced since 2012. With the new systems also providing a strong foundation, the focus for 2017 is on rebuilding the membership base which has a direct impact on income for the Institute.

The AIFST Board have taken the view that with a conservative approach in place, an appropriately skilled management team, 50<sup>th</sup> Anniversary celebration and co-location with *foodpro* for this year's Convention, 2017 will yield a stronger position for the Institute.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Institute during the financial year was to promote the standing, usefulness and welfare of food industry professionals and dissemination of useful information relating to the food industry and associated areas. No significant changes in the nature of those activities occurred during the year.

#### **STRATEGIC OBJECTIVES**

Under the leadership of the CEO, the AIFST Board continued with the implementation of the 2016 – 2018 Strategic Plan. As the only national independent voice and network for Australia's food industry professionals supporting and underpinning their contribution to the Australian and global food industry, AIFST continues to strive to advance Australia's food industry as a sustainable, world-leading industry.

In 2016, AIFST continued to focus its efforts on the 2016 – 2018 Strategic Plan priority areas including:

- Membership Services**  
We enable our members to expand their knowledge and networks with likeminded people who are passionate about the future of the Australian food industry. With an engaged, national membership we ensure Australia's food industry professionals are kept informed and up-to-date on the latest industry developments while assisting them to operate with a global mindset.
- Industry Services**  
We proactively identify and engage with key industry stakeholders to provide the Australian food industry timely and relevant information to support their business needs. We actively monitor

current and emerging industry trends, track insights into the latest innovations and provide project management and secretariat services on behalf of the Australian food industry.

□ Skill and Capability Building

We take a leadership role in the skill and capability building of Australia's food industry professionals to ensure their ability to generate value within a global operating environment. Our aim is to enrich the profession and ensure we continue to enhance the Australian food industry's ability to meet future demand.

□ Advocacy

We actively advocate on behalf of our members the role of food industry professionals in ensuring sustainable, safe and world-leading food is delivered to Australia and the world. We actively respond to industry issues that negatively impact or seek to undermine the credibility and professional standing of our members through the provision of transparent, evidence-based information.

□ Communications

We proactively communicate and engage with our members and stakeholders to ensure they are kept up-to-date and informed on relevant news and opportunities. Our communications builds the credibility and trust of our brand within the industry.

### 2016 – The Foundation Phase

The 2016 – 2018 AIFST Strategic Plan has three implementation phases which underpin the organisation's ability to deliver against the strategic plan objectives. The 2016 financial year was centered on 'foundations' and ensuring the Institute had the core platforms and capabilities to underpin the 'growth and diversification' objectives for 2017 and beyond. In addition, the foundations delivered in 2016 directly responded to requests raised in the 2015 members' survey which informed the 2016 – 2018 Strategic Plan.

The outcomes for 2016 delivered against the commitments made to focus efforts on the Membership Services offering and ensure the correct foundations and structures were in place to support the strategic plan moving forward. A core component of the foundation activities was a substantial investment into an upgrade of the Institute's operating systems infrastructure which includes the membership and stakeholder database, combined AIFST and *food australia* website, financial management system and banking provider. As outlined to members in the 2015 Annual Report, this was a required investment to bring AIFST in line with the operating requirements of 2016 and the expectations of our members of the professionalism of our services.

The AIFST Board is pleased to report that the Institute launched its new systems on 1 October 2016 providing greater transparency and accuracy around membership, utilisation of AIFST services and finances. The systems now provide a baseline for which new members can be captured and acquired to underpin the membership growth objective. The new systems yielded significant return in the 2017 membership renewal period with membership renewals tracking on average two months' ahead of previous year positions comparative to that point in time.

### Membership Services

As the core focus of AIFST, Membership Services remains a priority. During the course of 2016 several steps were taken to ensure as part of the foundation phase of the Strategic Plan we were reviewing and updating procedures and processes around all of our programs. As a result of this, AIFST is now able to reposition the services offering for members and potential members from 2017 as well as introduce new member benefits to increase member value.

A key indicator of the benefit of the changes made to the Institute following the 2014 Extraordinary General Meeting is membership numbers. The AIFST Board is pleased to report that Membership numbers remained stable in 2016 (1,739) when compared with 2015 (1,779), reducing the decline experienced in previous financial years.

Key activities in 2016:

- **Communities of Interest**  
2016 saw the Institute deliver against the commitment made at the 2014 Extraordinary General Meeting in October 2014, to transition the previous Branch and Interest Groups under a new Communities of Interest framework. The new framework was launched in September 2016 and is now fully operational. There are over 100 members participating across 13 Communities of Interest Committees providing advice and guidance to the membership services AIFST will deliver for members in 2017.
  
- **Skill and Capability Building**  
We continued to provide a range of professional development opportunities for members and non-members to maintain currency and enhance their skill and capability. In 2016, we delivered over 20 courses and seminars through both standalone and co-hosted activities, including those with the Australian Food and Grocery Council (AFGC). AFGC continued to provide support for the AIFST program to the amount of \$15,000 in 2016. The Institute expresses its thanks to the AFGC for their ongoing support of the Skill and Capability Building Program.

As outlined in the 2016 – 2018 Strategic Plan and 2015 Annual Report, the Continuing Professional Development program transitioned under the Skill and Capability Building strategic priority area during the year. As Skill and Capability Building is a core component of the wider Membership Services offering, overarching responsibility for this area sits within this strategic priority. This also allows greater collaboration and interface between the Communities of Interest and Skill and Capability Building offering to meet the identified needs of food industry professionals in a range of formats that suit today's working conditions.

### Industry Services

The Industry Services area performed well in 2016, which was the first year of implementation of this focus within the Institute. As a core foundation to the growth and diversification objectives of the Institute from 2017, the foundation year of Industry Services saw a 157% achievement of the 2016 budget targets.

With a key focus on building greater linkages within industry to raise the awareness and profile of the Institute, as well as building alternative revenue streams to support the longer term Institute sustainability, Industry Services is on track to deliver against the strategic objectives set out in the 2016 – 2018 Strategic Plan.

The priority in 2017 will be to continue to deliver against budget targets as well as identify longer term funding streams for the Institute. The generation of revenue via Industry Services provides new streams of income to fund and invest in the delivery of both new and current services to members without the sole reliance on annual membership fees and the Convention.



### Communications

As we work to proactively communicate and engage with our members and stakeholders to ensure they are kept up-to-date and informed on relevant news and opportunities, a significant amount of work was completed in 2016. During the course of the year the following was delivered:

- *food australia* magazine  
As a valuable resource for members, future proofing the magazine is a key priority. With advertising revenue continuing to be a challenge in 2016 in light of a challenging fiscal year for the food industry, a review was conducted of the magazine and the external publications support was put to tender. As a result of this, a more cost effective and modernised publication has been implemented with a focus in 2017 on building member visibility into the magazine and returning the publication to a zero cost position for the Institute.
- AIFST Annual Convention  
The 49th Annual AIFST Convention was held in Brisbane QLD in June 2016. The annual event was co-located with the FoodTech Exhibition and brought together key industry players. Themed *The pulse of the Industry*, the Convention provided a firsthand opportunity for delegates to hear the latest news covering food-related science, technology and innovation. While a successful program and event was delivered, the Convention was met with the challenge of the industry economic environment with many companies unable to send several employees to attend the event. This had an impact overall on the final profit from the event.
- AIFST website  
The infrastructure upgrade delivered in 2016 included the launch of a new AIFST website. The website provides the front end of a series of changes we have made to move AIFST 'online', ensuring we can better serve your needs and provide more direct communications in the future based on your areas of interest and geographic location. The AIFST website now houses a 'My Portal' for each member which will serve as the platform for members to utilize the full extent of their member services. Additional functionality and services will be offered through the website to members in 2017.
- Engagement with International Institutes  
Linkages and partnerships were a key area of success for AIFST in 2016. We continued our engagement with the Institute of Food Technologists (IFT) in the United States of America, New Zealand Institute of Food Science and Technology and IUFoST. The Institute's ongoing membership of IUFoST is under review by the AIFST Board. This will continue to be an ongoing dialogue with IUFoST to determine a revised value proposition for AIFST members moving forward. In 2017, we will continue to build our engagement with the appropriate corresponding organisations to deliver further membership offerings.

### The Year Ahead

AIFST will celebrate its 50th Anniversary in 2017, representing a significant milestone for the Institute and providing a chance to celebrate our key achievements over the past 50 years, while looking to the future. As we recognise our 50th Anniversary, we will also focus on building for the next 50 years. Our priorities in 2016, in line with the 2016-2018 Strategic Plan, were on ensuring AIFST had strong foundations so we could better service members' needs and add new value moving forward.

In 2017 we will concentrate on the growth and diversification phase of the strategic plan to leverage the infrastructure investments made in 2016 to implement strategies to grow our membership, increase industry awareness of the Institute and deliver new services and value to members.

Globally membership organisations continue to face challenges and the AIFST Board is working to ensure a sustainable, relevant and modern organisation that can service the needs of Australia's food professionals.

### KEY PERFORMANCE MEASURES

The Institute measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's strategic objectives are being achieved. The key indicators are measured via annual operating plans.

### INFORMATION ON DIRECTORS

<b>DR ANNE ASTIN PSM</b> Non-Executive Director and Chair BSc(Hons), PhD, MAIFST	<b>MARC BARNETT</b> Non-Executive Director
<b>THOMAS DEBNEY</b> Non-Executive Director BSc, Grad Dip Mgt, MAIFST	<b>DR CHRISTOPHER DOWNS</b> Non-Executive Director PhD, GAICD, MAIFST
<b>STEWART EDDIE</b> Non-Executive Director BAppSc, MAIFST	<b>FIONA FLEMING</b> Non-Executive Director BAppSc (Food Tech), MNutrMgt, MAIFST, MAICD
<b>CHERYL HAYMAN</b> Non-Executive Director B.Com (Mktg), GAICD, FAMI, MAIFST	<b>DR ANDEAS KLIEBER</b> Non-Executive Director BSc(Food Tech Hons 1), PhD, MAIFST
<b>DR THOMAS LEWIS</b> Non-Executive Director PhD, MAIFST, FAICD	<b>PETER SCHUTZ</b> Non-Executive Director B.Sc (Hon), B.App.Sc, FAIFST, FAICD

### MEETINGS OF DIRECTORS

During the financial year, five (5) meetings of directors were held. Attendances by each director were as follows:-

	Directors Meeting	
	Number eligible to attend	Number attended
Anne Astin	2	2
Marc Barnett	3	3
Thomas Debney	2	2
Christopher Downs	1	1
Stewart Eddie	5	4
Fiona Fleming	5	5
Cheryl Hayman	3	3
Andreas Klieber	3	3
Thomas Lewis	5	4
Peter Schutz	5	4

**BOARD COMMITTEES**

The AIFST board has two Sub-Committees – Finance, Audit and Risk and Nomination and Remuneration. These Board Committees meet on a regular basis throughout the year to support the implementation of the Strategic Plan and deliver against the corporate governance standing of the Institute.

The Committee in 2016 comprised of the following members, including independent and AIFST members:-


<b>Board Sub-Committee</b>	<b>Committee Members</b>
Nomination and Remuneration	Peter Schutz (Chair) Cheryl Hayman Thomas Lewis Christopher Downs Fiona Fleming
Finance, Audit and Risk Committee	Michele Allan (Chair) Thomas Debney Angeline Achariya Andreas Klieber

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 31 December 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$1,739 (2015: \$1,779).

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's Independence declaration for the year ended 31<sup>st</sup> December 2016 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Directors.



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Signed  
Peter Schutz  
Chairman

Signed at Sydney on the 26<sup>th</sup> day of April 2017



**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE  
AND TECHNOLOGY LIMITED  
A.B.N. 15 602 767 019**

**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 31<sup>st</sup> December 2016 there have been:

- (i) no contraventions of the auditor's 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.

*Altus Financial*

ALTUS FINANCIAL

  
Mr Rex L Miller  
Consultant  
Registered Company Auditor  
Registration No 4182

Signed at Sydney on the *26<sup>th</sup>* day of *April* 2017

**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**INDEPENDENT AUDIT REPORT**

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To the members of The Institute of Food Science and Technology Limited,

**Opinion**

We have audited the financial report of The Institute of Food Science and Technology Limited (the company), which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1(a) in the financial report, which indicates that the company incurred a net loss of \$564,334 during the year ended 31 December 2016 and, as of that date, the company's current liabilities exceeded its total assets by \$404,992. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2016 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  
ALTUS FINANCIAL  


Mr Rex L. Miller  
Consultant  
Registered Company Auditor  
Registration No. 4182

Signed at Sydney on the *26<sup>th</sup>* day of *April* 2017

**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**DIRECTORS' DECLARATION**

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In accordance with a resolution of the directors of The Australian Institute of Food Science and Technology Limited, the directors declare that:

1. The financial report and notes as set out on pages 13 to 30 are in accordance with the Corporations Act 2001 and:-
  - a. comply with Australian Accounting Standards and
  - b. gives a true and fair view of the financial position of the Company as at 31st December 2016 and of its performance for the year ended on that date
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 fall due

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



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Signed  
Peter Schutz  
Chairman

Signed at Sydney on the 26<sup>th</sup> day of April 2017

**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31<sup>st</sup> December 2016**

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	NOTE	2016 \$	2015 \$
Revenues	2	1,398,122	1,389,788
Administration expenses		(170,876)	(202,619)
Convention, symposium and member event expenses		(390,516)	(460,241)
Employee expenses		(902,538)	(561,010)
Office expenses		(161,607)	(222,237)
Project expenses		(50,324)	(24,022)
Publication expenses		(168,442)	(221,621)
Systems upgrade project expenses		<u>(118,153)</u>	<u>-</u>
(Deficit) before income tax	3	(564,334)	(301,962)
Income tax expense	1	<u>-</u>	<u>-</u>
(Deficit) for the year		<u>(564,334)</u>	<u>(301,962)</u>
Other comprehensive income after income tax		<u>-</u>	<u>-</u>
Total comprehensive (deficit) for the year		<u>(564,334)</u>	<u>(301,962)</u>
Total comprehensive (deficit) attributable to members of the Company		<u>(564,334)</u>	<u>(301,962)</u>

The accompanying notes from an integral part of these accounts



**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**STATEMENT OF FINANCIAL POSITION as at 31<sup>st</sup> December 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	127,935	405,699
Trade and other receivables	6	103,822	145,509
Inventories	7	2,601	14,023
Other current assets	8	37,517	18,745
<b>TOTAL CURRENT ASSETS</b>		<u>271,875</u>	<u>583,976</u>
<b>NON-CURRENT ASSETS</b>			
Plant and Equipment	9	-	22,932
<b>TOTAL NON-CURRENT ASSETS</b>		<u>-</u>	<u>22,932</u>
<b>TOTAL ASSETS</b>		<u>271,875</u>	<u>606,908</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	203,487	131,776
Employee provisions	11	21,190	59,532
Other current liabilities	12	452,190	256,258
<b>TOTAL CURRENT LIABILITIES</b>		<u>676,867</u>	<u>447,566</u>
<b>TOTAL LIABILITIES</b>		<u>676,867</u>	<u>447,566</u>
<b>NET ASSETS (DEFICIENCY)</b>		<u>(404,992)</u>	<u>159,342</u>
<b>MEMBERS' FUNDS</b>			
Accumulated (Deficiency) Surplus	12A	(404,992)	159,342
<b>TOTAL (DEFICIENCY) EQUITY</b>		<u>(404,992)</u>	<u>159,342</u>

The accompanying notes form an integral part of these accounts

THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019  
**STATEMENT OF CHANGES IN EQUITY for the year ended 31<sup>st</sup> December 2016**

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	<b>Accumulated Surplus \$</b>	<b>Total \$</b>
<b>Balance at 1 January 2015</b>	461,304	461,304
Deficit attributable to members	(301,962)	(301,962)
Other comprehensive income for the year	-	-
<b>Balance at 31 December 2015</b>	<u>159,342</u>	<u>159,342</u>
Deficit attributable to members	(564,334)	(564,334)
Other comprehensive income for the year	-	-
<b>Balance at 31 December 2016</b>	<u>(404,992)</u>	<u>(404,992)</u>

The accompanying notes form an integral part of these accounts

**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**STATEMENT OF CASH FLOWS for the year ended 31<sup>st</sup> December 2016**

	NOTE	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from members re membership fees		344,308	369,005
Receipts from members/customers re all other activities		1,247,825	973,862
Interest received		1,921	11,301
Payments to suppliers and employees		(1,871,818)	(1,658,849)
<b>Net cash provided by (used in) operating activities</b>	18	<u>(277,764)</u>	<u>(304,681)</u>
<b>Cash flows from investing activities</b>			
Payments for purchase of plant & equipment		-	(662)
Receipts for sale of plant & equipment		-	-
<b>Net cash provided by (used in) investing activities</b>		<u>-</u>	<u>(662)</u>
<b>Net increase/(decrease) in cash held</b>		(277,764)	(305,343)
Cash at the beginning of the financial year		405,699	711,042
<b>Cash at the end of the financial year</b>	18	<u><u>127,935</u></u>	<u><u>405,699</u></u>

The accompanying notes form an integral part of these accounts



**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31<sup>st</sup> December 2016**

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The financial statements cover The Australian Institute of Food Science and Technology Limited as an individual entity, incorporated and domiciled in Australia. The Australian Institute of Food Science and Technology Limited is a Company limited by guarantee.

The financial statements were authorised for issue on 12<sup>th</sup> April 2017 by the directors of the Company.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with The Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

### **Accounting Policies**

#### **(a) AIFST Board Review - Going Concern**

Notwithstanding the company incurred a net loss of \$564,334 during the year ended 31 December 2016 and as of that date, the company's net current liabilities exceeded its total assets by \$404,992, the financial statements have been prepared on a going concern basis because:-

- Included in total current liabilities of \$676,867 is an amount of \$452,190 relating to income in advance. This income in advance relates to the 2017 financial year and will be recognised as revenue in that year.
- The company has conservatively budgeted for a surplus of \$40,904 in the 2017 financial year. The surplus budget has been prepared on the assumption of an ongoing challenging environment for the Food Industry. All income and overhead costs have been modelled on those experienced in 2016 to reflect a realistic baseline performance for the Institute in 2017.
- The company has budgeted for positive cash flows throughout the 2017 financial year.
- Cash flow forecasts along with actuals v budget are prepared monthly and shared with the Finance, Audit and Risk Committee (FARC) for their review and direction. Based upon that regular review strategies and plans are reassessed monthly and appropriate action taken to ensure the company can meet its ongoing obligations.

**(b) Income Tax**

No provision for income tax has been raised as the Company is exempt from income tax by virtue of Section 50-B of the Income Tax Assessment Act, 1997.

**(c) Inventories**

Inventories are measured at the lower of cost or net realisable value.

**(d) Plant and Equipment**

Plant and equipment are carried at cost or fair value as indicated less where applicable accumulated depreciation and impairment losses.

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

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets 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:

Computers and Peripherals	33% straight line
Office Furniture and Equipment	13% straight line

The assets residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the comprehensive income statement.

**(e) 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 recording an asset and a liability at the lower of the amount equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expenses for the period.

Lease payments for operating leases where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(f) Impairment of Assets**

At each reporting date the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

**(g) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. 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 bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

**(i) Revenue**

Membership fees

The Company's membership subscription year runs from 1st January to 31st December. Subscriptions are payable annually in advance. Only those membership fees which are attributable to the current financial year are recognised as revenue. Fees relating to periods beyond the current financial year are shown as part of other current liabilities in the Balance Sheet under the heading Income in Advance.



Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue from the rendering of a service is recognised at the point of delivery of the service to the customers.

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

**(j) 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 in the statement of financial position are shown inclusive of GST.

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 in the cash flow statement on a gross basis. The GST components of cash flows arising from investing activities are disclosed as operating cash flows included in receipts from customers or payments to suppliers.

**(k) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation in the current year.

**(l) Conventions, Symposiums and Member Events**

Income received and expenses incurred in respect of conventions, symposiums and member events are accumulated in respect of each identifiable convention, symposium and member event. This income and expenditure is carried forward and brought to account against surplus in the year in which the respective convention, symposium and member event is held. Income relating to periods beyond the current financial year are shown as part of other current liabilities in the Balance Sheet under the heading Income in Advance whilst Expenses are shown as part of other current assets in the Balance Sheet under the heading Prepaid Expenses.

**(m) Trade and Other Receivables**

Trade and other receivables include amounts due from members as well as amounts receivable from customers for goods or services sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

**(n) 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.

**(o) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019  
 NOTES TO THE FINANCIAL STATEMENTS for the year ended 31<sup>st</sup> December 2016

	2016	2015
	\$	\$
<b>2. REVENUE</b>		
Advertising and displays	7,870	3,756
Projects	318,105	27,417
Convention, symposium and member event income	494,449	719,710
Interest income	1,921	11,301
Membership fee income	337,271	370,265
Publication income	136,977	191,861
Book sales	6,734	12,425
Subscriptions	7,383	17,799
Sundry income	14,043	29,254
Secretariat income	-	6,000
Shared services	73,369	-
	<u>1,398,122</u>	<u>1,389,788</u>

**3. SURPLUS (DEFICIENCY)**

**(a) Expenses**

Auditors Remuneration		
Auditing or reviewing the Financial Report	9,125	10,500
Taxation Services	450	450
Depreciation		
Plant and equipment	22,932	11,213
Operating Leases	109,068	63,714

**(b) Significant Expenses**

The following significant expenses are relevant in explaining the financial performance:

North Sydney relocation costs		64,478
Systems upgrade project	118,153	-
Employee expenses	103,808	-

	2016	2015
	\$	\$

#### 4. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to Key Management Personnel (KMP) of the Association during the year are as follows:-

Short term employee benefits	346,020	195,042
Post employment benefits	-	-
	<u>346,020</u>	<u>195,042</u>

#### 5. CASH AND CASH EQUIVALENTS

Cash at Bank and on Deposit	127,935	405,577
Cash on Hand	-	122
	<u>127,935</u>	<u>405,699</u>

The effective interest rate on short term bank deposits was 0.7% (2015: 2%). Those deposits have an average maturity of 120 days

#### 6. TRADE AND OTHER RECEIVABLES

Trade Debtors	103,822	150,509
Less provision for impairment	-	(5,000)
	<u>103,822</u>	<u>145,509</u>

Current trade debtors are generally receivable in 14 days. As at 8<sup>th</sup> March 2017 \$20,267 remained unpaid and was still considered collectable in full in 2017.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

No collateral is held as security for any of the trade and other receivables balances.

#### 7. INVENTORIES

Finished Goods		
- books at cost	<u>2,601</u>	<u>14,023</u>



THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019  
 NOTES TO THE FINANCIAL STATEMENTS for the year ended 31<sup>st</sup> December 2016

	2016 \$	2015 \$
<b>8. OTHER ASSETS</b>		
Prepaid expenses – 2016 Convention	-	7,705
Prepaid expenses – AAFIC 2016	-	11,040
Prepaid expenses – 2017 Convention	37,517	-
	<u>37,517</u>	<u>18,745</u>

**9. PLANT AND EQUIPMENT**

Computers & Peripherals, at cost	-	73,567
<u>Less Accumulated Depreciation</u>	-	(55,372)
	<u>-</u>	<u>18,195</u>
Office Furniture and Equipment, at cost	-	22,268
<u>Less Accumulated Depreciation</u>	-	(17,531)
	<u>-</u>	<u>4,737</u>
	<u>-</u>	<u>22,932</u>

**(a) Movements in Carrying Amounts**

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Balance at 1 January 2016	Additions	Depreciation	Disposals	Balance at 31 December 2016
Computers & Peripherals	18,195	-	(18,195)	-	-
Office Furniture & Equipment	4,737	-	(4,737)	-	-
	<u>22,932</u>	<u>-</u>	<u>(22,932)</u>	<u>-</u>	<u>-</u>

**THE AUSTRALIAN INSTITUTE OF FOOD SCIENCE AND TECHNOLOGY LIMITED A.B.N. 15 602 767 019**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31<sup>st</sup> December 2016**

	Balance at 1 January 2015	Additions	Depreciation	Disposals	Balance at 31 December 2015
Computers & Peripherals	33,204	662	(11,176)	(4,495)	18,195
Office Furniture & Equipment	4,774	-	(37)	-	4,737
	<u>37,978</u>	<u>662</u>	<u>(11,213)</u>	<u>(4,495)</u>	<u>22,932</u>

2016	2015
\$	\$

**10. TRADE AND OTHER PAYABLES**

Trade Creditors	35,794	45,826
Accruals	141,667	71,081
Amounts held in trust		
- GST Payable/(Receivable)	<u>26,026</u>	<u>14,869</u>
	<u>203,487</u>	<u>131,776</u>

The current trade creditors are normally paid within 30 days of recognition of the liability.

No collateral has been pledged for any of the trade and other payable balances.

**11. EMPLOYEE PROVISIONS**

**CURRENT**

Annual Leave	21,190	16,824
Long Service Leave	<u>-</u>	<u>42,708</u>
	<u>21,190</u>	<u>59,532</u>

Number of employees at year end	4	7
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These provisions include the total amount accrued for annual leave and long service leave that have vested due to employees having completed the required period of service. Based upon past experience the company does not expect the full amount to be settled in the next 12 months.

**12. OTHER LIABILITIES**

Income in Advance – Memberships	202,882	195,845
Income in Advance – Food Australia Subscriptions	18,218	9,869
Income in Advance – 2016 Convention	-	50,544
Income in Advance – 2017 Convention	164,980	-
Income in Advance – Other	<u>66,110</u>	<u>-</u>
	<u>452,190</u>	<u>256,258</u>

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## 12A. MEMBER EQUITY

Member equity position is directly impacted by Other Liabilities end of year position of \$452,190 for income in advance for 2017. This liability will be realised as income in January 2017 accounts reversing the negative member equity position.

	2016	2015
	\$	\$
<b>13. DIRECTORS' REMUNERATION</b>		
Aggregate income received or due and receivable by Directors from the Company or any related entity	-	-
Amounts paid to superannuation funds and Directors in respect of the Directors' retirement	-	-

## 14. RELATED PARTY INFORMATION

### Directors AIFST Board Review

The Directors named in the attached Directors' report each held office as a Director of the Company during the year ended 31<sup>st</sup> December 2016. The Company holds a Director Conflict of Interest register on file and advise that all Directors are members of the Company.

The following Directors also hold related party relationships with organisations that deliver joint initiatives and programs with the Company:-

Peter Schutz	Director, Food Innovation Australia Limited (FIAL)
Christopher Downs	Employee, CSIRO
Fiona Fleming	Contractor, Australian Food and Grocery Council (AFGC)

## 15. CAPITAL AND LEASING COMMITMENTS

### Operating Leases

Non-cancellable operating leases of premises etc contracted for but not capitalised in the accounts:

Payable – minimum lease payments		
- not later than one year	88,125	84,735
- later than one year but not later than two years	91,649	88,125
- later than two years but not later than 5 years	297,536	288,092
- later than 5 years but not later than 10 years	149,030	250,123
	<u>626,340</u>	<u>711,075</u>

The property lease is a cancellable lease that expires on 31<sup>st</sup> October 2023.

2016  
\$

2015  
\$

## 16. SEGMENT REPORTING

The Company promotes the standing, usefulness and welfare of the profession of food science and technology and dissemination of useful information relating to food science and technology in Australia.

## 17. COMPANY DETAILS

The registered office and place of business of the Company is:-

Level 1  
 40 Mount Street  
 NORTH SYDNEY NSW 2059

## 18. CASH FLOW INFORMATION

### (a) Reconciliation Of Cash

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

Cash and cash equivalents	127,935	405,699
	<u>127,935</u>	<u>405,699</u>

### (b) Reconciliation of net cash provided by (used in) operating activities to operating surplus after tax:

(Deficit) after tax	(564,334)	(301,962)
Non cash flows in surplus:		
Depreciation	22,932	11,213
Loss on sale	-	4,495
Doubtful Debts	(5,000)	5,000
Changes in assets and liabilities:		
(Increase) decrease in trade and other receivables	46,687	(82,928)
(Increase) decrease in inventories	11,422	4,848
(Increase) decrease other current assets	(18,772)	(1,641)
(Decrease) increase in trade and other payables	71,711	22,423
(Decrease) increase in employee provisions	()	(13,437)
(Decrease) increase in other current liabilities	195,932	47,308
Net cash provided by (used in) operating activities	<u>(277,764)</u>	<u>(304,681)</u>

(c) The Company has no credit stand-by or financing facilities in place.

(d) There were no cash financing or investing activities during the year.



## 19. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The total for each category of financial instruments measured in accordance with AASB 139 as defined in the accounting policies to these financial statements are as follows:-

	Note	2016 \$	2015 \$
<b>Financial Assets</b>			
Cash and cash equivalents	5	127,935	405,699
Trade and other receivables	6	103,822	145,509
<b>Total Financial Assets</b>		<u>231,757</u>	<u>551,208</u>
<b>Financial Liabilities</b>			
Trade and sundry payables	10	194,272	131,776
<b>Total Financial Liabilities</b>		<u>194,272</u>	<u>131,776</u>

All trade and sundry payables are expected to be paid within 6 months.

### Financial Risk Management Policies

The Company does not have any derivative instruments at 31<sup>st</sup> December 2016.

#### (i) Risk Management

Directors meet on a regular basis to analyse financial risk exposure and to evaluate risk management strategies in the context of the most recent economic conditions and forecasts.

The Directors overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimizing potential adverse effects on financial performance.

The Management operate under policies approved by the Board. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

The Board and Finance, Audit and Risk Committee actively monitor the performance of budget to actuals and cash flow forecasts at its meeting in response to the challenges experienced in the 2016 fiscal period. The Board continues to undertake any necessary action to ensure the Company delivers against the expected financial performance.

From April 2017 the Finance, Audit and Risk Committee monitor the monthly cashflow and budget to actuals.

(ii) Specific Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk:

Interest rate risk is managed by the Company's policy of not borrowing.

Foreign Currency Risk:

The Company is not exposed to fluctuations in foreign currencies.

Liquidity Risk:

The Company manages liquidity risk by monitoring monthly performance and cash flow forecasts and maintains adequate accumulated surpluses to cover liabilities when and as they fall due.

Credit Risk:

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 31<sup>st</sup> December 2016.

Credit risk is managed and reviewed regularly by the Directors. It arises from exposures to customers and deposits with financial institutions.

The Directors monitor credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "A" rating or above are utilised; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognized credit cards.

At year end the Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Price Risk:

The Company is not exposed to any material commodity price risk.

The trade receivables balances at 31<sup>st</sup> December 2016 and 31<sup>st</sup> December 2015 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

## **20. CAPITAL MANAGEMENT**

Directors control the capital of the entity to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximized. The Directors ensure that the overall risk management strategy is in line with this objective.

Management operate under policies approved by the Board. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The Company's capital consists of total equity.

Directors effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include consideration of debt levels.

There have been no changes to the strategy adopted by directors to control the capital of the Company since the previous year. The strategy of the Company is to maintain no gearing.

	2016	2015
	\$	\$
Total equity (reserves plus retained earnings)	<u>(404,992)</u>	<u>159,342</u>
Total capital	<u><u>(404,992)</u></u>	<u><u>159,342</u></u>

## **21. MEMBERS' GUARANTEE**

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 December 2016, the number of members was 1,739 (2015 1,779).



australian  
institute of  
**food science  
& technology**

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