



Potatoes South Australia Incorporated Annual Report 2012-2013

1 November 2013

Potatoes South Australia Inc ABN 45 568 994 361
Elder House Level 2 27 Currie Street Adelaide South Australia 5000
GPO Box 1664 Adelaide South Australia 5001
www.potatoessa.com.au

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Introduction

Potatoes South Australia is the peak industry association representing the whole value chain in the potato industry; the state's largest horticultural sector. It represents all seed producers, growers, fresh, packers, processors, marketers, exporters, wholesalers, retailers and consumers.

The objectives of the association are to:

- Increase demand, particularly in the fresh market by supporting consumer education and the promotion of health benefits;
- Manage issues, advocate for stakeholders and lobby at regional, state and federal levels as appropriate, and provide advice to government;
- Identify and support relevant research, development and extension needs; collaborating with research bodies, identifying funding opportunities and establishing strategic affiliations with like-minded organisations in Australia and internationally; and
- Improve communication and cooperation in the value chain for the betterment of the entire industry; and
- Improve sustainability, profitability and competitiveness through workforce development and improved export capability.

Potatoes South Australia was incorporated on March 22, 2011 under the Associations Incorporation Act 1985.

This Annual Report was presented on Friday 1 November 2013 at the 2nd Potatoes South Australia Incorporated Annual General Meeting at Elder House, 27 Currie Street, Adelaide, South Australia.

Chair's Message

I take great pleasure in providing my first report as the Independent Chair of Potatoes South Australia. In doing so, I want to thank the Board of Directors and the CEO for their support since I was appointed in July 2013 - most particularly for their technical and professional guidance in the potato industry. I also want to express my gratitude to previous Chair Nick Psevdos and also the interim Chair Gary O'Neill for their work in initially leading and setting up an organisation to representing stakeholders in the South Australian potato industry. The potato industry is facing many challenges at present and as the representative body, the Board of Potatoes South Australia knows it has a huge task ahead in representing and supporting all sectors of the industry in addressing these challenges.

In our own right, Potatoes South Australia has made very good inroads to self-sustainability in the development of a Funding Plan for 2013 (via the introduction of a voluntary levy across all sectors at first point of sale) which was implemented from 1 July 2013. This was achieved on the back of building a strong database of members and some excellent work by our CEO in Robbie Davis in developing industry relationships and leveraging on the solid support this organisation has achieved from all in the potato industry value chain. Potatoes South Australia is well on the way to providing a valuable economic and representative service to our industry, and our financial position as an organisation looks much more secure to be able to do just that.

It is important to also thank the Trustees of the South Australian Potato Industry Trust (SAPIT) , former Chairman of SAPIT Ed Neumann and new Chairman Terry Buckley for the strong financial support provided by them in the formative stages of the organisation's development. Any achievements that Potatoes South Australia makes for the industry in the future will be in no small way due to the initial funding support provide through SAPIT to get the peak industry body up and running.

During the past year Potatoes South Australia developed a Strategic Plan for 2013/2014 for the organisation which puts in place the building blocks to guide the industry to future sustainability, profitability and competitiveness. Key strategies in the short term were to "achieve financial self- sufficiency" and secondly to establish "a unified cohesive industry structure with a strong membership base which represents the whole of industry value chain". Those strategies are being well implemented but there is still more to do.

We now seek to build on this good start in providing best practice services to our members. We aim to communicate often and build enduring relationships with our members and the media, liaise with our service providers all along the value chain and become an active lobbyist for the industry in engaging all levels of government in order to best support the potato industry in difficult times.

We are currently either planning or implementing a range of new initiatives of which there are too many to do justice to here and which Robbie has detailed in her Report. The Board appreciates your support to date as key industry stakeholders and members and asks that you all continue to support our organisation as we work to exceed your expectations in the future.

Finally I want to place on record our appreciation to our CEO in Robbie Davis whose passion, work ethic and enthusiasm for this role is outstanding. Robbie leaves no stone unturned in working in the best interests of the potato industry. As a Board we are proud of her efforts to date and we look forward to supporting her energetic efforts as we grow Potatoes South Australia through 2014 and into the future.

To all of you; many thanks for your continued support. On behalf of your hard working and committed Board and your CEO, we look forward to serving you in the future you as your representative body.

A handwritten signature in blue ink, appearing to read 'Brian Cunningham', followed by a large, stylized blue checkmark.

Brian Cunningham

Independent Chair
Potatoes South Australia Incorporated

Chief Executive Officer's Report

Now in my second year as CEO, I am delighted to present this report which outlines the achievements of Potatoes South Australia Inc; the peak body for the potato industry value chain, from primary producers (seed, fresh and processing sectors) to consumers.

The Association, which aims to establish the benchmark as the most relevant, value-adding, targeted representative voice in Australian horticulture, has progressed in its structure, capacity and capability, and in the range of services it offers to its stakeholders.

We remain focussed on this strategic intent and our activities are guided by the five core objectives stated in the Introduction of this Annual Report.

The Board

I have the pleasure of working with an excellent Board and I thank them for their continued dedication and commitment to the organisation, and for their strategic advice to me. The composition of the Board has changed in the last twelve months; Mark Pye retired at the 2012 AGM, the inaugural Chair; Nick Psevδος resigned early in the year and this was followed by the resignation of other directors; Basil Mondello and Richard Haynes. I thank them all personally for their exceptional service to the organisation and to the industry, particularly Nick who established the resultant 'big picture' vision which we all share. I also wish to thank Gary O'Neill for his extended period as Interim Chair.

Over the period, new directors, Paul White, Ross Trimboli, Jeffery Jackson and Mark Geraghty were appointed to the Board to reflect the new strategic direction of the organisation. In July, Brian Cunningham was appointed as Independent Chair, a move to demonstrate to industry stakeholders at both state and national levels that "we mean business and are in business". This appointment is pivotal to the achievement of the higher level goals of the organisation and Brian's experience as a skilled Chair and Company Director, preceded by his experience as a CEO in the public sector, is already paying dividends in the finessing of governance practices, Board interaction and overall business professionalism. On behalf of the Board, I am delighted that Brian is now at the helm.

Challenges

In the past twelve months the industry has faced considerable challenges, including decreasing competitiveness and tighter margins (mainly due to rising input costs), an increase of imported processed product from North America and Europe, prolonged uncertainty concerning the possible importation of fresh potatoes from New Zealand and the risks of a Zebra Chip incursion, and the recent announcement of the closure of the McCain's processing plant at Penola.

With the support of the Board, the Association has met these challenges through active engagement and appropriate lobbying with all levels of Government and interstate industry bodies, and through frequent liaison with the media. The involvement of, and collaboration with, value chain stakeholders and partners has been critical and we will continue to focus on being 'in touch' with them.

Achievements

There have also been many developments and achievements during the period.

In March 2012, the Board endorsed both the Strategic and Funding Plans for 2013'14. The Funding Plan was then accepted by more than 90 per cent of South Australia's potato producers and at 1 July, a voluntary levy was established to maintain the operational

activities of the organisation; a very significant achievement. A Budget for 2013'14 was also ratified at Board level, providing a high level of confidence for the coming year's activities.

Membership of the Association also commenced at 1 July, and it is very encouraging to see the growing number of Full and Associate Members, some from interstate, who value our commitment to being the industry's relevant representative voice.

Additionally, the website www.potatoessa.com.au was launched to coincide with the membership drive. It is our most effective marketing tool, featuring an e-newsletter, the latest media releases, R&D updates, consumer information and industry sector information.

Projects

Conducting relevant R&D is a critical service to the industry. Potatoes South Australia has been successful in all funding project proposals to date including the following:

Industry Workforce Development Plan

In early June 2013, the Minister for Employment, Higher Education and Skills Grace Portolesi, announced that Potatoes South Australia had been awarded \$43,500 (excl GST) to plan for the future needs across the five key potato growing regions of Kangaroo Island, the Mallee, the Riverland/Murraylands, the Northern Adelaide Plains and the South East. This project, funded by the South Australian Government's Department of Further Education, Employment, Science and Technology (DFEEST) involves researching the current and future workforce needs of the potato industry in South Australia. The project is adopting a whole-of-value chain approach to deliver a robust workforce plan covering attraction, retention and skills development. It will have potential application in other horticultural and agricultural sectors at both a state and national level. This project will be completed in December 2013 and follow-up projects involving other elements of the value chain and the subsequent roll-out of training are anticipated.

This project aligns with the Association's objective of improving sustainability, profitability and competitiveness through workforce development and improved export capability.

Generic Marketing in the Fresh Food Sector

This project funded by industry through the South Australian Potato Industry Trust (SAPIT) from May 2013, has involved researching the success of generic marketing campaigns in the Australian food sector (competing high carbohydrates and fresh category). Marketing of potatoes internationally was also studied. The funding provided was \$19,600 (excl GST).

The results will provide the basis for the development of a national fresh market potato promotional program, led by Potatoes South Australia. This was identified as a priority in the current SAPIT Strategic Plan. The report will be available to the industry in November 2013.

This project aligns with the Association's objective of increasing demand, particularly in the fresh market by supporting consumer education and the promotion of health benefits.

Innovative Nutrient Management in the Australian Potato Industry

In July 2013, the then Minister for Agriculture, Fisheries and Forestry (DAFF), the Hon Joel Fitzgibbon MP, awarded Potatoes South Australia, Innovation Grant funding of \$409,400 (excl GST) through the Sustainable Agriculture stream of Caring for our Country.

This two-year project, in collaboration with Rural Solutions SA, will determine a more efficient method of soil testing to enable accurate prediction of soil Phosphorous status and

availability, to reduce the risk of environmental pollution due to over fertilising, causing eutrophication and poor soil health.

The project has not yet commenced but it is anticipated that the results will benefit the national potato industry.

We will continue to pursue R&D initiatives at both a state and national level, and the Association has developed strong relationships with research bodies around the country and internationally.

Guest Presentations

In June, I was fortunate to represent the Association in the 'Big Debate' at the annual PMA Australia+New Zealand Fresh Connections Conference in Sydney. The topic was, "Strong biosecurity – the costs and benefits for a vibrant fresh produce industry". The panel included representatives from New Zealand, Australia and USA.

In July, I represented the Association as Keynote Speaker at Potatoes New Zealand's AGM and Conference. My presentation topic was; "Potatoes South Australia's Response to Opportunities and Threats". The export-driven New Zealand industry provided an extraordinary opportunity to tour the production regions and to meet many stakeholders with whom we will collaborate, especially in the field of R&D and in increasing consumer demand.

Both experiences provided unique networking opportunities and exposure for the Association and for the South Australian and national industries.

The Future

In the coming year, with the backing of a strong Board and Independent Chair, together with financial security due to wide stakeholder support, my focus will be on further cementing relationships in the value chain, establishing corporate sponsorships and strategic alliances, developing export opportunities and market access particularly in SE Asia and of course, representing the industry for its sustained profitability and competitiveness.

I thank Elders Rural Services for its now formalised, generous sponsorship agreement.

Finally, I would like to thank the trustees of SAPIT, chaired by Terry Buckley, for their generous financial contribution to date, their project support and for their on-going advice to the organisation. I would also like to thank Mr Ed Neumann, the former Chair, for his support to me over the past twelve months.

I also thank the many stakeholders and new members who continue to provide advice, time and vision to the organisation and I look forward to its growing recognition as the most relevant and valuable asset for them and for this important industry.

It is a great privilege to work with such passionate, energetic and innovative people and I will continue to strive for both industry recognition and excellence.



Robbie Davis
Chief Executive Officer
Potatoes South Australia Incorporated

Potatoes South Australia Incorporated Board of Management

The members of the Board of Management are:

Brian Cunningham

Independent Chair

Brian Cunningham has over 20 years of experience as a Chief Executive in both the private and public sectors. He was recruited into senior Government roles as a Chief Executive in 2005 where he has become recognised as an initiator and driver of organisational and cultural change in two significant Government Departments.

He led the Department of Further Education, Employment, Science and Technology (budget \$480 million and over 6000 full and part-time staff) through a successful change management program and structural reform implemented in 2005-2008.

In his most recent public sector role as Chief Executive of the Department of Trade and Economic Development (2008-2010), Brian led the South Australian Government's key agency for economic and industry development

Since then, Brian has developed a niche and rapidly growing business consultancy focussing on people and business strategies. Aside from consultancy work he undertakes in both public and private sectors, Brian currently serves as a Director on seven diverse Boards, four of which he acts as Chairman.

In terms of corporate profile and history, Brian is probably best known in Australian Rules football states in Australia for his key leadership role in the successful tender for an Australian Football League Club franchise licence in 1994. This resulted in Port Adelaide Football Club entering the National competition in 1997. Brian subsequently drove the development of this state-based sporting club to a highly successful National football league entity in the period 1996-2004.

Qualifications: Bachelor of Science, Diploma in Education (University of Adelaide), Fellow of the Australian Institute of Company Directors

Gary O'Neill

Deputy Chair

As Seed Operation and Development Manager for the Mitolo Group, Gary has a wealth of knowledge and experience in the field of Plant Breeder's Rights, the development and marketing of new potato cultivars, agronomy, freight and logistics planning and the management of contracts. Growing up on a potato farm in the Southern Tablelands of New South Wales, Gary is passionate about the industry and has worked in the seed, fresh and processing sectors. He worked for Smith's Snackfood Company for ten years covering a region from the Atherton Tablelands in Queensland to the Riverina in New South Wales followed by ten years of employment at Elders Ltd. Gary has served on the NSW Seed Potato Advisory Committee and as a Fresh Potato Industry Advisory Committee delegate of Horticulture Australia Limited (HAL).

Qualifications: Diploma in Applied Science (Agriculture) (RMIHE Wagga Wagga)

Andrew Widdison

Board member

Andrew is a third generation potato farmer at Kalangadoo in the southeast of South Australia and has been growing potatoes for processing for more than twenty years. His family business currently supplies potatoes to Safries/McCains at Penola. He is Chair of the South East Potato Growers Association (SEPGA) which represents potato growers in the region. A passionate industry advocate, Andrew is keen to see the continuing development of an efficient and sustainable industry to meet consumer expectations.

James Wandel

Board member

James has been growing seed potatoes on Kangaroo Island for the past ten years. He was raised on his family's sheep and cattle property, buying his own farm at the age of nineteen. Following thirteen years of producing export oaten hay for the Japanese market, James was encouraged by neighbours to enter the seed industry and now has 100 hectares under production. Seed potato production contributes 85% to his farming enterprise and is predominantly sold to mainland South Australian growers.

Ross Trimboli

Board member

Arriving from Southern Italy as a four year old, Ross and his family settled at Virginia on the Northern Adelaide Plains. He attended Gawler High School and then worked on the family farm growing lettuce, onions, carrots and potatoes. He became passionate about improving the quality and yields of different varieties of potatoes and now concentrates on growing for the fresh washed market. The family operates GTS Farms Pty Ltd at Virginia.

Mark Geraghty

Board member

Mark was most recently the General Manager-Strategy, Marketing and Communications at Elders, one of Australia's largest agribusinesses.

Heading a specialist team and working closely with each of Elders' Zone General Managers, General Manager-Key Accounts and the national managers of livestock, wool, farm supplies, real estate, rural banking, insurance and financial planning, Mark provided marketing intelligence, strategic planning clarity, and sales and marketing support.

Additionally, Mark was responsible for key elements of Elders 'Go to Market' strategies including pricing management and market segmentation. He has also overseen the sales and supply chain functions during his time at Elders.

Prior to this appointment, Mark held senior positions in general management, marketing and QA in the FMCG and pharmaceutical industries, including Reckitt and Colman, Roche and Coca Cola South Pacific. Mark is currently consulting on strategic planning while targeting his next senior executive role.

Qualifications: Bachelor of Science (1st Class Hons), Master of Commerce (University of New South Wales)

Paul White

Board member

Following graduation, Paul worked in the oil and gas industry for almost twenty years. Much of this time was with Exxon Mobil where he managed a number of departments including Accounting and Finance, Economics and Planning, and Laboratory and QAQC Analysers. After leaving ExxonMobil, he worked in the biofuels industry.

His family operates a certified organic farm in the Adelaide Hills running cattle, sheep and an orchard. His interest in farming and horticulture encouraged him to join Zerella Fresh, a major grower and packer supplying major supermarkets nationally, as General Manager in early 2008.

Qualifications: Bachelor of Economics, Graduate Diploma of Accounting (Flinders University), CPA

Jeffrey Jackson

Board member

Jeffrey Jackson joined the Moraitis Group as Chief Operating Officer in 2007, with the objectives of driving profitable business expansion, and implementing process, governance and high performance organisational and strategic plans.

Prior to joining the Moraitis Group, Jeffrey was the Managing Director of Chiquita-Unifruitti, managing the Asia, Pacific and Middle East regions. Jeffrey's career also includes being the Vice President of Operations for America's largest cut vegetable company, Fresh Express. He has had over thirty years' experience in the global fresh produce industry.

In 2008, Jeffrey was appointed Chief Executive Officer of the Moraitis Group.

Qualifications: Bachelor of Commerce, Juris Doctor (University of California)

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2013

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

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POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361
COMMITTEE'S REPORT

Your committee members submit the financial report of the Potatoes South Australia Inc. for the financial year ended 30 June 2013.

Committee Members

The names of committee members throughout the year and at the date of this report are:

| | |
|------------------|--|
| Brian Cunningham | Independent Chair (Appointed 10 July 2013) |
| Gary O'Neill | General Manager Farms The Mitolo Group |
| Paul White | General Manager Zerella Fresh/Parilla Premium (Appointed 30 November 2012) |
| Mark Geraghty | General Manager Strategy and Marketing Elders (Appointed 8 May 2013) |
| Jeffrey Jackson | CEO The Moraitis Group (Appointed 5 June 2013) |
| Ross Trimboli | GTS Farms (Appointed 27 March 2013) |
| Andrew Widdison | Chair South East Potato Growers Association (McCain grower group) |
| James Wandel | Kangaroo Island certified seed grower |
| Mark Pye | MD Zerella Fresh/Parilla Premium (Resigned 30 November 2012) |
| Richard Haynes | Key Account Manager Elders (Resigned 23 April 2013) |
| Basil Mondello | Director Mondello Farms (Resigned 19 March 2013) |
| Nickolas Pseudos | Chair (Resigned 14 February 2013) |

Principal Activities

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

Value chain stakeholder engagement at a regional, state and national levels

Development of a communication strategy including a website, e-newsletter and media liaison

Advocacy and lobbying at all levels of Government

Adoption of the Funding Plan 2013-2014 including:

- A voluntary levy for the Association's operations
- Corporate sponsorship opportunities
- Membership

Adoption of the Strategic Plan 2013-2014

Significant Changes

These included the approval of the Board to appoint an Independent Chair, the development and implementation of the Strategic Plan 2013-2014 and the development and implementation of the Funding Plan 2013-2014. At the Funding Plan's core is the introduction of a voluntary levy enabling continual operation of the Association. This is in accordance with the SAPIT Deed under which the Association receives seed funding and which expires in November 2013.

Operating Result

The profit after providing for income tax amounted to \$81,339.44.

Signed in accordance with a resolution of the Members of the Committee.

Dated this 21 day of October 2013

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2013 \$ | 2012 \$ |
|---|------|-------------------|-------------------|
| INCOME | | | |
| Grants | | 209,436.00 | 190,000.00 |
| Subscriptions | | 38,353.77 | 6,000.00 |
| Interest Received | | 5,346.29 | 2,094.00 |
| | | <u>253,136.06</u> | <u>198,094.00</u> |
| OTHER INCOME | | | |
| Rebates Received | | 103.28 | - |
| | | <u>253,239.34</u> | <u>198,094.00</u> |
| EXPENDITURE | | | |
| Accountancy | | 2,325.00 | - |
| Advertising & Promotion | | 1,472.15 | - |
| Bank Charges | | 78.70 | 16.50 |
| Computer & IT | | 5,062.05 | - |
| Consultants Fees | | 9,399.99 | 1,500.00 |
| Depreciation | | 71.82 | 1,222.73 |
| Insurance | | 1,836.88 | 1,371.94 |
| Licences, Registrations & Permits | | 120.00 | - |
| Meeting Expenses | | 1,929.09 | - |
| Motor Vehicle Expenses | | 8,821.10 | - |
| Office Expenses | | 8,230.78 | 225.00 |
| Parking | | 1,999.98 | - |
| Repairs & Maintenance | | 55.00 | - |
| Subscriptions | | 200.00 | - |
| Superannuation | | 12,470.04 | - |
| Telephone | | 1,803.21 | - |
| Travelling Expenses | | 8,755.66 | - |
| Wages | | 106,156.45 | 42,306.00 |
| Workcover Levy | | 1,112.00 | 438.96 |
| | | <u>171,899.90</u> | <u>47,081.13</u> |
| Profit before income tax | | <u>81,339.44</u> | <u>151,012.87</u> |
| Profit for the year | | <u>81,339.44</u> | <u>151,012.87</u> |
| Retained earnings at the beginning of the financial year | | 151,012.87 | - |
| Retained earnings at the end of the financial year | | <u>232,352.31</u> | <u>151,012.87</u> |

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Iuliano Pannunzio & Co.

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

BALANCE SHEET
AS AT 30 JUNE 2013

| | Note | 2013 \$ | 2012 \$ |
|---------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 2 | 245,763.99 | 169,964.36 |
| Accounts receivable and other debtors | 3 | 1,625.64 | 468.51 |
| TOTAL CURRENT ASSETS | | <u>247,389.63</u> | <u>170,432.87</u> |
| TOTAL ASSETS | | <u>247,389.63</u> | <u>170,432.87</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accrued Expenses | | 6,552.00 | 11,220.00 |
| GST on supplies | | 8,456.61 | 8,200.00 |
| ATO Integrated Client Account | | 28.71 | - |
| TOTAL CURRENT LIABILITIES | | <u>15,037.32</u> | <u>19,420.00</u> |
| TOTAL LIABILITIES | | <u>15,037.32</u> | <u>19,420.00</u> |
| NET ASSETS | | <u>232,352.31</u> | <u>151,012.87</u> |
| MEMBERS' FUNDS | | | |
| Retained earnings | 4 | <u>232,352.31</u> | <u>151,012.87</u> |
| TOTAL MEMBERS' FUNDS | | <u>232,352.31</u> | <u>151,012.87</u> |

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Iuliano Pannunzio & Co.

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act South Australia. The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of this financial report.

Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Accounts Receivable and Other Receivables

Accounts receivable are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. 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.

At the end of each reporting period, the carrying amount of accounts receivable and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in income and expenditure statement.

Cash and Cash Equivalents

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

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

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

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

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

Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities at the end of the reporting period for goods and services received by the association that remain unpaid.

Accounts payable are recognised at their transaction price. Accounts payable are obligations on the basis of normal credit terms.

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 Tax Office (ATO).

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

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|--|-------------------|-------------------|
| | \$ | \$ |
| <hr/> | | |
| 2 Cash and Cash Equivalents | | |
| Cash at Bank | | |
| Rural Bank 301775045 AJ01 | 192,380.57 | 157,349.27 |
| Rural Bank 301788246 AJ02 | 4,054.65 | 6,019.28 |
| Rural Bank 301794202 AJ03 | 38,070.38 | 6,595.81 |
| Rural Bank 301844940 AJ04 | 11,258.39 | - |
| | <u>245,763.99</u> | <u>169,964.36</u> |
| | <u>245,763.99</u> | <u>169,964.36</u> |
| 3 Accounts Receivable and Other Debtors | | |
| Current | | |
| GST on acquisitions | <u>1,625.64</u> | <u>468.51</u> |
| 4 Retained Earnings | | |
| Retained earnings at the beginning of the financial year | 151,012.87 | - |
| Net profit attributable to the association | <u>81,339.44</u> | <u>151,012.87</u> |
| Retained earnings at the end of the financial year | <u>232,352.31</u> | <u>151,012.87</u> |

These notes should be read in conjunction with the attached compilation
report of Iuliano Pannunzio & Co.

POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361

STATEMENT BY MEMBERS OF THE COMMITTEE

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial statements as set out on pages 1 to 6:

1. Presents a true and fair view of the financial position of Potatoes South Australia Inc. as at 30 June 2013 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Potatoes South Australia Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

Independent Chair

Secretary

Dated this day of

**COMPILATION REPORT
TO POTATOES SOUTH AUSTRALIA INC.
ABN 45 568 994 361**

We have compiled the accompanying special purpose financial statements of Potatoes South Australia Inc. which comprise the balance sheet as at 30 June 2013, profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide financial information to the committee of management.

The responsibility of the committee of management

The Committee of Management is solely responsible for the information contained in the special purpose financial statements and has determined that the basis of accounting adopted is appropriate to meet the needs of the committee of management for the purpose of complying with the association's constitution.

Our responsibility

On the basis of information provided by the committee of management we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

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

The special purpose financial statements were compiled exclusively for the benefit of the committee of management. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Name of Firm: Iuliano Pannunzio & Co
Accountants

Name of Partner:


Alberto Iuliano

Address: 100 Rundle Street Kent Town SA 5067

Dated this 21 day of October 2013

