



Potatoes South Australia Incorporated Annual Report 2013-2014

31 October 2014

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

Table of Contents

Introduction

Chair's Message

Chief Executive Officer's Report

Potatoes South Australia Incorporated Board of Directors

Financial Report

Introduction

Potatoes South Australia is the peak industry body representing all sectors of the potato industry; the state's largest horticultural sector. It was established in order to be a unified voice representing the interests of the stakeholders in the potato industry value chain.

Its vision is to be:

"A whole-of-value chain, financially-independent, relevant and highly effective representative organisation focused on growing demand, competitiveness, sustainability and profitability for all stakeholders in the potato industry".

Its core objectives are:

1. Advocate for industry stakeholders, and engage, represent and influence at local, state and federal government levels;
2. Identify and support relevant research, development and extension needs, collaborating with research bodies and partnering with key stakeholders to source funding;
3. Increase demand, particularly in the fresh market;
4. Improve industry competitiveness and sustainability, through assisting in the development of an appropriately skilled workforce;
5. Support and promote the development of an export-focused culture, and maintain appropriate biosecurity measures; and
6. Continue to unify the potato industry through developing a supportive and informed Potatoes South Australia producer base.

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

This Annual Report was presented on Friday 31 October 2014 at the 3rd Potatoes South Australia Incorporated Annual General Meeting at Elder House, 27 Currie Street, Adelaide, South Australia.

Chair's Message

It is with much pleasure that I provide my second report as the Independent Chair of Potatoes South Australia. This has been a year of financial consolidation for the organisation but it has also been a period in which the potato industry and all of its sectors both locally and nationally have faced many unique challenges. I would like to address these briefly in this Report and indicate the work your Board and energetic CEO in Robbie Davis are undertaking in endeavouring to address these challenges and lead as a unified voice for all potato industry stakeholders as well as facilitate change and provide best practice services and value to our members.

Governance

I want to thank the Board of Directors for their continued technical and professional guidance in the potato industry and for the time and effort they put into working for the betterment of the industry. During 2013'14, the Board resolved to change the Constitution to increase the number of Directors on the Board in order to move to a three year rotational cycle which would provide optimal continuity and add further to the skills base of the Board. In order to facilitate a rotational three year director cycle it was resolved that the three directors due to retire in October 2014 be given one additional year each of tenure, members elected in 2013 will serve out a two year term and that the Board seek by election in October 2014 a further three Board members each for a term of three years. The end result for 2014 and beyond will be a Board consisting of nine elected members each of whom will fulfil a three year appointment on rotation. The new Constitution ensures that at least five of the nine elected members are producers.

Financial Performance

Potatoes SA continues to work hard to achieve self-sustainability and the audited end of year financial performance surplus after all administration costs suggests that the Funding Plan introduced in July 2013 via the introduction of a voluntary levy across all sectors at point of sale has been successful in this first full year of operation. This was achieved by much hard work by our CEO Robbie Davis who has built strong relationships with producer sector stakeholders in South Australia but also beyond our borders from whom we also receive voluntary levy payments. Robbie continues to build a strong database of members by developing industry relationships and leveraging on the solid support this organisation has achieved from all in the potato industry value chain. On behalf of the Board, I thank all stakeholders for this support. In the future, however, it is important that this support is maintained and that task rests squarely with the Board and management of Potatoes South Australia to continue to build a unified and cohesive industry which sees value in this representative body.

Focus and Achievements 2013'14

During the past year there have been a range of achievements which are well documented in Robbie's Report. In 2013'14, Potatoes South Australia developed and implemented a Strategic Plan for the industry which puts in place the initial building blocks to guide the industry to future sustainability, profitability and competitiveness. The two 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". Good progress has been made on both of these strategies but much still needs to be done.

Enormous time and energy have been put into representation of national potato industry concerns including submissions regarding the HAL Review, the Importation of Potatoes for Processing from New Zealand, the National Agricultural White Paper and the Examination of the Pest Risk Analysis Process. There has also been persistent lobbying and meetings with the South Australian State Government and the Opposition in relation to the Mallee and Lower Limestone Coast Prescribed Wells Area Water Action Plans.

Potatoes South Australia has increased its profile and enhanced positive communication in the industry by a focus on collaboration, networking and regular communications including the recently developed website and e-newsletter. It has also been pivotal in securing significant industry relevant R&D grant proposal funding to significant industry issues – issues which are seen to be very relevant and have the backing of our key stakeholders.

We also co-hosted the 2014 Potato Industry Conference with the Victorian Certified Seed Potato Authority (VICSPA) in Mt Gambier, South Australia in August. It was a very well supported event, illustrating our strong interstate collaborative efforts and our relevance to the industry.

Future focus 2014'15

Following a Strategic Planning day which was very well represented with stakeholders from South Australia and other states, the Board is now considering the approval of the 2014'17 Strategic Plan which has a much broader focus than the initial plan. Stakeholders are keen for Potatoes South Australia to extend beyond its own future sustainability, advocacy and R&D collaboration to significant issues such as increasing demand particularly in the fresh market, workforce issues, development of an export-focussed culture and of course biosecurity issues. These are big challenges, many of them are national challenges and they will take much effort, liaison and significant support from the industry to achieve. We look forward to tackling these issues.

Appreciation

I want to place on record our appreciation to our CEO in Robbie Davis. Robbie's continued passion, outstanding work ethic and enthusiasm to work in the best interests of the potato industry make her invaluable to our Mission. As a Board we are very proud of her efforts to date. Finally I also want to sincerely thank the Board for their efforts and sound advice during the past year. With our tireless CEO we seek to build on our good start in providing best practice services to our members by communicating often, and build enduring relationships in order to best support the potato industry in the future, exceeding stakeholder expectations.

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



Brian Cunningham
Independent Chair
Potatoes South Australia Incorporated

Chief Executive Officer's Report

Now in my third year as CEO, I am delighted to present this report which outlines the achievements and challenges of Potatoes South Australia Incorporated; the peak body for the potato industry value chain.

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 six 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 with the resignation of Jeffrey Jackson, former CEO of the M Group. I thank him personally for his exceptional strategic input at Board level and considerable constructive advice to me concerning the 'big picture' of this very important industry and its national economic significance and future.

Brian Cunningham has now been in the role of Independent Chair for twelve months and his appointment is clearly instrumental in the finessing of good governance practices, productive Board interaction and overall business professionalism. On behalf of the Board, I am delighted that Brian has been appointed for a second term and I look forward to working with him in 2014'15.

Challenges

In the past twelve months the industry has continued to face considerable challenges, many of which remain unresolved from the previous year. These include decreasing competitiveness and tighter margins (mainly due to rising input costs), an increase of imported processed product from North America, Europe and New Zealand, prolonged uncertainty concerning the possible importation of fresh potatoes for processing from New Zealand and the risks of a Zebra Chip disease complex incursion, decreasing consumption in the fresh sector, the closure of the McCain's processing plant at Penola and more recently, the reductions and inequities in the Water Allocation Plans in the Mallee and Lower Limestone Coast Prescribed Wells Areas.

With the support of the Board, the Association will continue to meet these challenges through active engagement and appropriate lobbying with all levels of Government, politicians 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 to our proper representation and we will continue to focus on being 'in touch' with them.

Achievements

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

The voluntary cross-sector levy established on 1 July 2013 to resource the Association's operations, has been widely embraced by the industry. This demonstrates a strong commitment to our intent and objectives, and, on behalf of the Association, I am very grateful of this extraordinary support.

A stakeholder workshop was independently facilitated by Tristan Kitchener, Kitchener Partners, in May 2014 in order to determine and agree upon the strategic direction of the Association. As a result a Strategic Plan 2014'17 was developed and awaits endorsement by the Board and Industry. This document will guide all activities over the next three years.

A considerable milestone was the successful convening of our first **Potato Industry Conference** co-hosted with ViCSPA, in August 2014. Supported by major sponsor, Syngenta, the Conference was very well attended by primary producers which meant that the program, focusing on the world-class Australian potato industry, including key production and environmental issues, and our capability to export premium product, was both relevant and practical. We were very fortunate to attract a great line-up of international and Australian speakers resulting in passionate industry debate, in addition to clear 'take-home' messages; a perfect outcome. This is now a biennial event.

On the Membership-side, both Full and Associate membership numbers are increasing and the inclusion of interstate producers and service providers is testament to our commitment to being the industry's relevant representative voice.

Additionally, the website www.potatoessa.com.au continues to expand in content and reach and comprises an e-newsletter, the latest media releases, R&D updates, consumer and industry sector information, and a 'facebook' page.

Projects

Conducting relevant R&D to improve competitiveness through innovation is critical for the industry's continuing viability. Potatoes South Australia is project manager of the following projects:

Innovative Nutrient Management in the Australian Potato Industry

This two-year project, funded by the Federal Department of Agriculture, in collaboration with Rural Solutions SA, will determine a more efficient method of soil testing to enable accurate prediction of soil Phosphorous (P) status and availability, to reduce the risk of environmental pollution due to over fertilising, causing eutrophication and poor soil health. The University of Adelaide has been working on the Diffusive Gradient in Thin-films technology (DGT) as a new method to measure plant available P in applicable soil types and predict yield responses for a range of crop types.

Now underway since June 2014, this technology will be tested across all of the major South Australian potato growing regions by establishing a total of 15 replicated trials and 9 demonstration trials across the South East, Mallee, Riverland and Kangaroo Island, encompassing a wide range of soil and potato types, including fresh, processing and seed varieties and individual producers.

The data generated from the project will be statistically analysed to assess the relationship between soil P status as detected by DGT (and the other P tests) and potato response to applications of P expressed as % relative yield or % maximum yield. If this data proves to be statistically significant (highly correlated), the determination of critical soil P threshold values that result in optimum potato yield can be ascertained. The generation of these threshold values will provide producers with a valuable decision support tool to assess whether a fertiliser P application is required and at what rate it should be applied.

The project will be completed in 2016.

Review of the Mallee and Lower Limestone Coast Prescribed Wells Area Water Allocation Plans (WAPs) and Irrigation Efficiencies in the Mallee

Potatoes South Australia engaged independent hydrogeology consultancy, Australian Groundwater Technologies Pty Ltd (AGT) to conduct Reviews of the water allocations assigned in the Mallee Prescribed Wells Area and the Lower Limestone Coast Prescribed Wells Area Water Allocation Plans.

Simultaneously, Arris Pty Ltd was engaged to undertake a survey of producers in the Mallee region to ascertain the extent and impact of changes in land management and irrigation practices over the past ten years. The survey captured ideas and opportunities for improved

irrigation practices, water conservation and improved water use efficiency through applied R&D.

These reports, funded by HAL and the industry, were central to negotiations with the Government. Unfortunately there has been no compromise provided in either region at writing.

Export Strategy for Australian Potatoes 2014'19

A terrific achievement this year was the successfully tendering for a Federal project concerning national export planning. Potatoes South Australia (as sub-tenderer) and Hudson Howells Consulting (HH) collaborated on a Department of Agriculture (DoA) project to develop a national export plan for all sectors of potato production. It determined that ASEAN markets with lower quality risks and lower transport and other holding costs, do offer potential for future export growth. These include Indonesia, Thailand and Malaysia. A marketing strategy was also developed to support the export objectives.

It is anticipated that the DoA will work closely with the industry, particularly Potatoes South Australia, in the implementation of this significant national approach to export.

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.

Submissions

The Association developed the following submissions:

1. Horticulture Australia Ltd (HAL) Review, February 2014 (as the Australian Potato Council)
2. Australian Government's White Paper on Agricultural Competitiveness, (DoA), April 2014 (with ViCSPA)
3. Examination of the Import Risk Analysis Process (DoA), September 2014

Guest Presentations

I was fortunate to be invited to present to various audiences during the year, including to the Nutritional Society of Australia on the sustainability and nutritional benefits of consuming potatoes. This augers well with the Board's ongoing collaboration with the marketing arm of the Potato Marketing Corporation of Western Australia concerning a national campaign to increase consumption of our favourite vegetable. I also spoke as part of the National Vegetable Industry Leadership Program; Growing Leaders 2014.

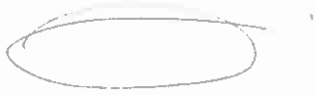
The Future

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 project-based strategic partnerships, developing export opportunities and market access particularly in SE Asia, advocating for national biosecurity protocols and of course, representing the industry for its sustained profitability and competitiveness. This must be achieved despite unprecedented national industry unrest. Additionally, this unrest is against a backdrop of considerable uncertainty as the Federal Government is yet to deliver on the recommendations of Acil Allen's Review of HAL. It is known that HAL will transition to a grower-owned corporation, of which the structure, stakeholder membership and voting rights remain unknown. The relationship with PIBs is also unclear.

On behalf of the Association, I thank Elders Rural Services, as our first strategic partner, for its continuing generous support. I would like to thank the trustees of SAPIT for their generous financial contribution which enabled the establishment of Potatoes South Australia. I sincerely anticipate that the Trustees will think highly of this special industry investment as we continually aim to effectively serve the industry and its stakeholders.

I also thank the many stakeholders and members who continue to provide advice, time and vision to the Association and its projects. 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 state and national industry recognition and excellence.



Robbie Davis
Chief Executive Officer
Potatoes South Australia Incorporated

Potatoes South Australia Incorporated Board of Directors

The Independent Chair and Directors 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 Exxon Mobil, 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

Financial Report

FILE COPY

POTATOES
SOUTH AUSTRALIA



Mr Dean Withers
Dean Withers & Associates Pty Ltd
4 Frederick Street
FREWVILLE SA 5063

Dear Dean,

This representation letter is provided in connection with your audit of the financial report of Potatoes South Australia Incorporated for the year ended 30 June 2014 for the purpose of expressing an opinion as to whether the financial report is presented fairly, in all material respects, in accordance with the Australian Accounting Standards.

We confirm that

Financial Report

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
- All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

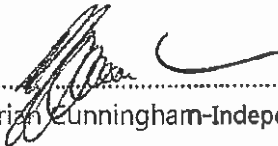
- All transactions have been recorded in the accounting records and are reflected in the financial report.
- We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial report.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have provided you with all requested information, explanations and assistance for the purposes of the audit.

Yours faithfully

POTATOES SOUTH AUSTRALIA INCORPORATED



.....
Board Member



.....
Brian Cunningham-Independent Chair

Dated: 22/12/2014

FILE COPY

**POTATOES SOUTH AUSTRALIA INCORPORATED
ABN 45 568 994 361**

**MANAGEMENT REPORT
FOR THE YEAR ENDED
30 JUNE 2014**

POTATOES SOUTH AUSTRALIA INCORPORATED
ABN 45 568 994 361

CONTENTS

Detailed Profit and Loss Statement	1
Detailed Balance Sheet	4
Notes to the Financial Statements	5
Compilation Report	6

POTATOES SOUTH AUSTRALIA INCORPORATED
ABN 45 568 994 361

INCOME AND EXPENSES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	This Year \$	Last Year \$
INCOME			
Annual Dinner		7,032.99	-
Fees Received		357.00	-
Grants – Operational		22,182.00	209,436.00
Grants - Projects		147,786.00	-
Membership Fees		4,818.00	38,353.77
Levies		205,189.42	-
Interest Received		<u>5,083.82</u>	<u>5,346.29</u>
		<u>392,449.23</u>	<u>253,136.06</u>
OTHER INCOME			
Rebates Received		-	103.28
Sundry Receipt		<u>193.73</u>	<u>-</u>
		<u>193.73</u>	<u>103.28</u>
		<u>392,642.96</u>	<u>253,239.34</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 INCORPORATED
ABN 45 568 994 361

INCOME AND EXPENSES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	This Year \$	Last Year \$
EXPENSES			
Accountancy		-	2,325.00
Administration Charges		4,661.66	-
Advertising & Promotion		17,902.19	1,472.15
Bank Charges		484.91	78.70
Bank Merchant Fees		213.26	-
Computer & IT		4,697.23	5,062.05
Consultant Fees		-	9,399.99
Chairperson Expenses		19,999.68	-
Depreciation		-	71.82
Annual Dinner Expenses		6,739.45	-
Fringe Benefits Tax		7,365.97	-
General Expenses		197.73	-
Grants - Project Expenses		138,641.15	-
Insurance		1,854.55	1,836.88
Interest		0.08	-
Licences, Registrations, Permits		884.36	120.00
Meeting Expenses		5,092.42	1,929.09
Motor Vehicle Expenses		4,047.39	8,821.10
Office Expenses		2,002.46	8,230.78
Parking		3,045.45	1,999.98
Postage		53.63	-
Printing & Stationery		453.60	-
Provision for Annual Leave		9,235.81	-
Repairs & Maintenance		-	55.00
Staff Training		2,399.10	-
Subscriptions		1,014.73	200.00
Superannuation		13,044.10	12,470.04
Telephone		2,652.11	1,803.21
Travelling Expenses		11,283.69	8,755.66
Wages	2	132,038.62	106,156.45
Workcover Levy		889.59	1,112.00
		390,894.92	171,899.90
Profit before income tax		1,748.04	81,339.44

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 INCORPORATED
ABN 45 568 994 361

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	This Year \$	Last Year \$
Profit		1,748.04	81,339.44
Retained earnings at the beginning of the financial year		<u>232,352.31</u>	<u>151,012.87</u>
Total available for appropriation		<u>234,100.35</u>	<u>232,352.31</u>
Retained earnings at the end of the financial year		<u>234,100.35</u>	<u>232,352.31</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 INCORPORATED
ABN 45 568 994 361

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	This Year \$	Last Year \$
CAPITAL AND RESERVES			
Retained earnings		234,100.35	232,352.31
TOTAL CAPITAL AND RESERVES		<u>234,100.35</u>	<u>232,352.31</u>
Represented by:			
CURRENT ASSETS			
Cash at Bank	3	290,588.77	245,763.99
Accounts Receivables		24,729.35	-
GST on acquisitions	4	2,771.94	1,625.64
TOTAL CURRENT ASSETS		<u>318,090.06</u>	<u>247,389.63</u>
NON CURRENT ASSETS			
Fixed Assets			
Office Equipment & Furniture - at Cost		1,294.55	1,294.55
Less Prov'n for Depreciation		<u>(1,294.55)</u>	<u>(1,294.55)</u>
		-	-
Total Fixed Assets		<u>-</u>	<u>-</u>
Intangible Assets			
Trade Marks		300.00	-
		<u>300.00</u>	<u>-</u>
TOTAL NON CURRENT ASSETS		<u>300.00</u>	<u>-</u>
TOTAL ASSETS		<u>318,390.06</u>	<u>247,389.63</u>
CURRENT LIABILITIES			
Accrued Expenses	5	18,359.66	6,552.00
GST on supplies	6	10,765.53	8,456.61
Provision for Annual Leave		9,235.81	-
Provision for Grants - Project Expenses		45,900.00	-
ATO Integrated Client Account		28.71	28.71
TOTAL CURRENT LIABILITIES		<u>84,289.71</u>	<u>15,037.32</u>
TOTAL LIABILITIES		<u>84,289.71</u>	<u>15,037.32</u>
NET ASSETS		<u>234,100.35</u>	<u>232,352.31</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 INCORPORATED
ABN 45 568 994 361

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

		This Year	Last Year
		\$	\$
1	Statement of Significant Accounting Policies		
	<p>This financial report is a special purpose financial report prepared for use by the members.</p> <p>The financial report is 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.</p> <p>This method was adopted during this financial year from the previously used cash method and therefore there will be timing adjustments.</p>		
2	Wages		
	Gross Wages RA Davis	132,038.62	106,156.45
		132,038.62	106,156.45
3	Cash at Bank		
	Rural Bank 301775045 AJ01	170,260.60	192,380.57
	Rural Bank 301788246 AJ02	4,164.89	4,054.65
	Rural Bank 301794202 AJ03	44,420.37	38,070.38
	Rural Bank 301844940 AJ04	27,949.13	11,258.39
	Rural Bank 301870895 AJ05	42,675.12	-
	Rural Bank 301911103 AJ06	1,118.66	-
		290,588.77	245,763.99
4	GST on acquisitions		
	Acquisitions subject to GST (normal GST acquisitions A/c)	2,771.94	1,625.64
		2,771.94	1,625.64
5	Accrued Expenses		
	Payroll Clearing	0.07	-
	Pay As You Go Withholding	8,684.02	6,552.00
	Superannuation	2,309.60	-
	ATO FBT	7,365.97	-
		18,359.66	6,552.00
6	GST on supplies		
	Supplies subject to GST (normal GST supplies A/c)	10,765.53	8,456.61
		10,765.53	8,456.61

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

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

We have compiled the accompanying general purpose financial statements of Potatoes South Australia Incorporated which comprise the statement of financial position as at 30 June 2014, income and expenses statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

These have been prepared in accordance with the financial reporting framework described in Note 1 to the financial statements.

The responsibility of the committee of management

The Committee of Management is solely responsible for the information contained in the general purpose financial statements and has determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our responsibility

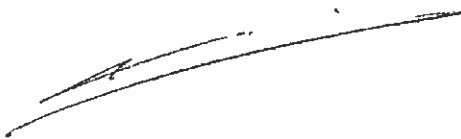
On the basis of the information provided by the committee of management we have compiled the accompanying general purpose financial statements in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

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 general 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 general 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 9th day of December 2014

FILE COPY

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF POTATOES SOUTH AUSTRALIA INCORPORATED

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of **Potatoes South Australia Incorporated**, which comprises the balance sheet as at 30 June 2014, the income statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the statement by officers of the association.

Directors' Responsibility for the Financial Report

The Board of Management is responsible for the preparation of the financial report and has determined that the accounting policies described in Note 1 to the financial statements, which form the basis of the financial report, are appropriate to meet the financial reporting requirements of the members. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of **Potatoes South Australia Incorporated** as at 30 June 2014 and of its financial performance for the year then ended.

Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to the accounting policies which form the basis of the financial report. The financial report has been prepared for the purpose of fulfilling the Board of Management's reporting responsibilities under the constitution. As a result, the financial report may not be suitable for another purpose.



Dean Withers - director

Dean Withers & Associates Pty Ltd **Chartered Accountants**

4 Frederick Street
Frewville SA 5063

Dated: 23rd December 2014