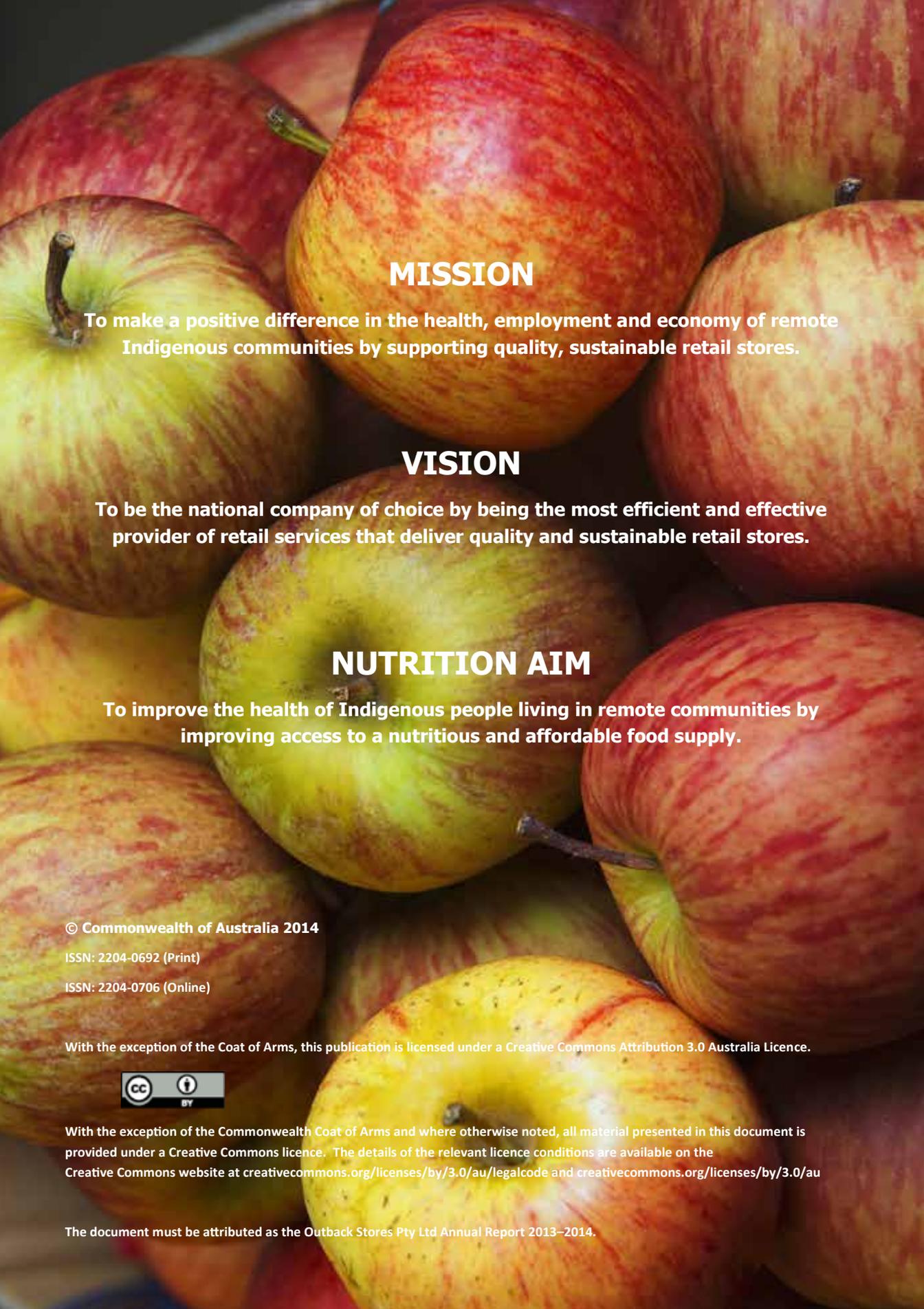


OUTBACK *Stores*



2013 | 2014
ANNUAL REPORT



MISSION

To make a positive difference in the health, employment and economy of remote Indigenous communities by supporting quality, sustainable retail stores.

VISION

To be the national company of choice by being the most efficient and effective provider of retail services that deliver quality and sustainable retail stores.

NUTRITION AIM

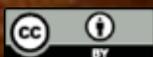
To improve the health of Indigenous people living in remote communities by improving access to a nutritious and affordable food supply.

© Commonwealth of Australia 2014

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The document must be attributed as the Outback Stores Pty Ltd Annual Report 2013–2014.

OUTBACK Stores

23rd of January 2015

Senator the Hon Nigel Scullion
The Minister for Indigenous Affairs
PO Box 6100
Senate
Parliament House
Canberra ACT 2600

Dear Minister,

In accordance with Section 36 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act), I submit the Annual Report of Outback Stores Pty Ltd for the year ended June 2014.

Under section 36 of the CAC Act, the Directors of Outback Stores are responsible for producing an Annual Report that includes a Financial Report, Directors Report and Auditors Report that is required by the *Corporations Act 2001*, and other additional information or report required by the Minister for Finance and Deregulation orders under the CAC Act.

All reports and Audited Financial Statements contained in this Annual Report were made in accordance with a resolution of Outback Stores Directors on the 23rd of January 2015.

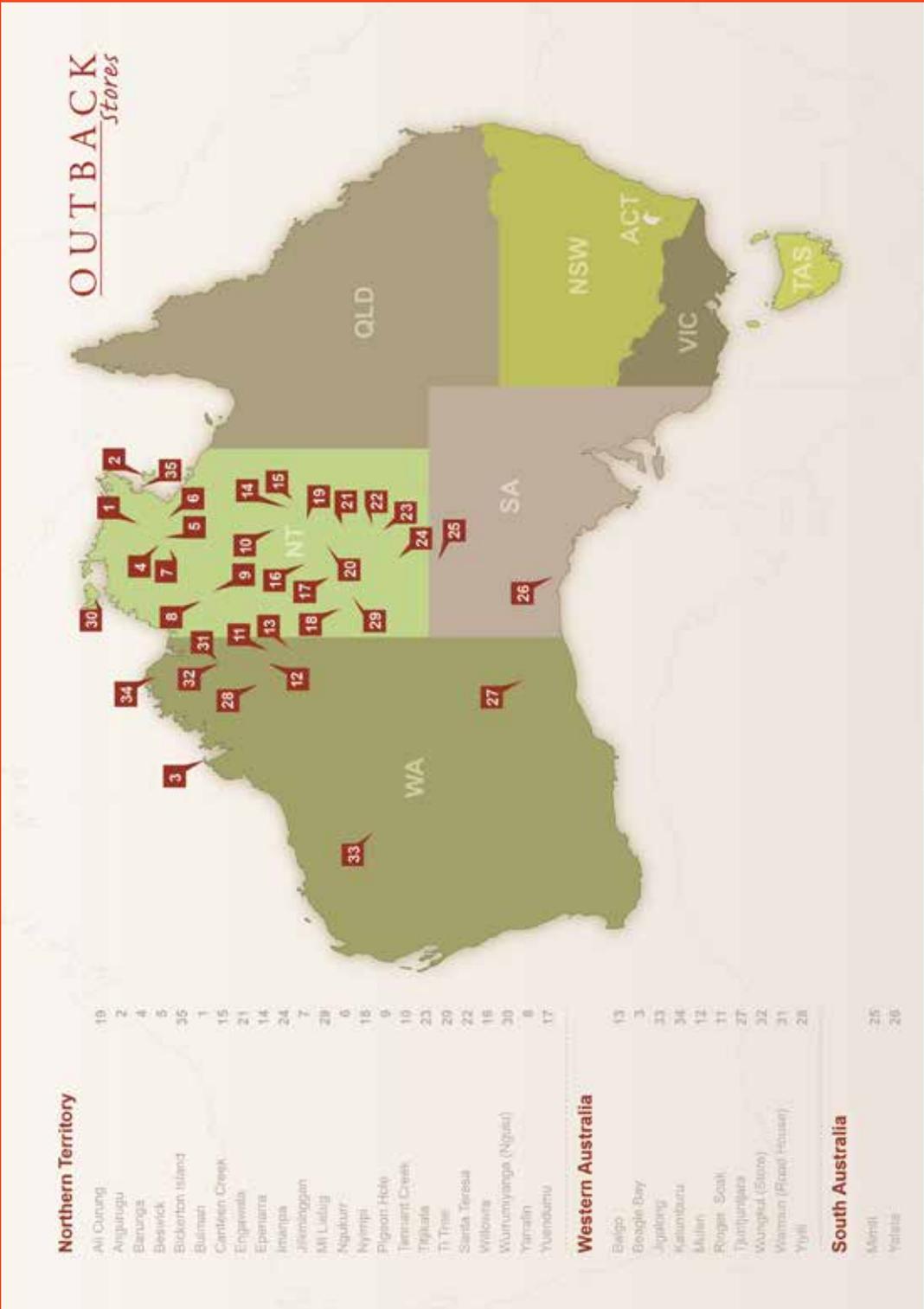
Yours Sincerely,



Stephen Bradley

Chairman, Board of Directors

Letter of Transmittal	3
Store Locations	5
Chairman's Report	6
CEO Report	8
Organisation Structure	10
Our Organisation	11
Store Operations Report	12
Merchandise Report	14
Health & Nutrition Report	15
Indigenous Training	25
Corporate Governance	26
Board of Directors	27
Board Committees	28
Other Information.....	30
Directors Report.....	33
Auditors Independence Declaration	38
Independent Auditors Report	39
Directors Declaration	41
Statement of Comprehensive Income	42
Statement of Financial Position	43
Statement of Changes in Equity.....	44
Statement of Cash Flows	45
Notes to the Financial Statements.....	46
Index of Annual Report Requirements	83



On behalf of the Board I am pleased to report on Outback Stores' performance for the 2013-14 financial year. Outback Stores provides retail management services to Indigenous community stores in remote areas of Australia. We are a Federal Government owned organisation with a mandate to improve the affordability and quality of nutritious food available in communities. Outback Stores is committed to making a positive difference to the health, employment and economy of remote Indigenous communities by providing quality, sustainable retail stores.

This year Outback Stores made an operating profit of \$123,219, managing stores with total sales of \$80,150,519. We are constantly striving to be the most cost effective provider in our market and are pleased that Outback Stores' costs as a percentage of store sales dropped from 19% in 2012-13 financial year to 18% in 2013-14 financial year.

Six new stores joined the Outback Stores group this year, bringing the total number of stores to thirty-five. We are very pleased to welcome Uraro Store at Kalumburu, Illawarra Store at Jigalong, Beagle Bay Community Store at Beagle Bay, Wungkul Store and Warmun Roadhouse in Warmun and Lagulaya Store on Bickerton Island to the Outback Stores community. Outback Stores currently manages twenty three stores in the Northern Territory, ten in Western Australia and two in South Australia. This year we have provided relief or emergency management for two additional stores.

Outback Stores believes that it is very important for the community to have ownership of their store and be very engaged with the operation of it. Thirty-two of the stores we operate are owned by the local community, who choose to award Outback Stores a management agreement. We are conscious that we have to work hard and perform well to retain these management agreements. Eight management agreements that required renewal were re-signed with Outback Stores this year.

In this last year twelve stores made an operating profit and were commercially viable in their own right. Any profits made are retained in the community and either spent on improving the store or supporting community initiatives.

Communities smaller than two hundred people usually struggle to operate a commercially viable store while providing reasonably priced food. Eighteen stores required government operating subsidies totaling \$2 million which converts to an average subsidy of \$582 per head to provide reliable access to affordable and healthy food in these communities. In addition, the government invested \$1.4 million in capital improvements in the stores to maintain and improve infrastructure.

We recognise the importance of employing local Indigenous people in the stores and providing development opportunities for all staff. In the last year we employed 401 Indigenous staff which was 73% of all staff employed in stores. It is also important to note that if Tennant Creek Food Barn was removed from the equation, this figure would increase to 76%. We continue to focus on developing our store staff and last year conducted a total of 5550 hours of training.

We have continued to make improvements to our healthy food offer with fruit and vegetable sales being a key indicator. Fruit and vegetable turnover has increased from 292 tonnes to 377 tonnes over the year. We have worked hard to reduce the turnover of sugar sweetened soft drinks and have seen the average yearly market share of sugar sweetened soft drinks reduced by 1.5% of their category. We have also encouraged the sale of still water and have seen the average yearly market share increase from 14% to over 16% of the soft drink water category. While we discourage the purchase of unhealthy products we will only remove them from sale if the community requests this.

Steve Moore has now completed his third year as CEO of Outback Stores and has made a major contribution to the effectiveness of Outback Stores. Steve and the team have made many improvements in the last year and I thank them for their drive and commitment.

There was one change to the composition of the Board this year with the retirement of company director Heather D'Antoine on 9th of March 2014. I would like to thank Heather for all her work and advice over the last three years. I believe the Board has operated very effectively in guiding the organisation and offers a wide range of skills relevant to the operation of Outback Stores. I thank all directors for their contribution.

Outback Stores operates in one of the most demanding environments in Australia. I am constantly surprised and delighted by the enthusiasm and commitment of the Outback Stores staff. I would like to thank all of the people employed by and supporting Outback Stores for their contribution, they are the key to our continuing success. We are all committed to making a very real contribution to improving the lives of the Indigenous people in remote Australia.



Stephen Bradley | Chairman

This year saw Outback Stores continue to operate at a profit. For the 2013—2014 financial year the corporation made an operating profit of \$123,219. Our ongoing aim is to make a small profit before interest income, each year.

Another significant achievement for the year was the addition of six new stores to the group. Jigalong, Beagle Bay and Kalumburu in W.A. and Bickerton Island in the N.T. all entered into management agreements with us during the year. In addition the Wungkul Store and Warmun Roadhouse both located at Warmun in northern Western Australia also entered into a management agreement with Outback Stores on the 1st of July 2013. I would like to welcome each of the new communities to the Outback Stores group and thank them for their support. This brings the number of stores under Outback Stores' management to thirty-five.

Our commitment to providing affordable and healthy food continues to be one of our key areas of focus. While we do not restrict a person's individual choice, we encourage healthier purchases by making these choices more affordable. We currently offer preferential pricing on fresh fruit and vegetables, sugar free drinks and healthier take away food. Our in-house Nutritionist also works with both store staff and community members to ensure we are providing the correct range of healthy choices in each store.

Over the past three years we have worked in partnership with Coca-Cola to maintain the sale price of 600ml bottles of Mt Franklin water to just \$1.00 each. We have continued to grow water sales with an additional twenty three thousand litres sold this year compared to 2013. Likewise we continue to actively encourage fruit and vegetables sales in stores and have increased the overall tonnage of fruit and vegetables sold by 15% compared to last year; a satisfying outcome.

This year also saw us achieve our annual staff training targets, completing a total of 5550 hours of training. At the end of the year we had eleven Indigenous staff successfully complete retail certificate courses, with a further seventy-five Indigenous staff enrolled in retail training courses. Our increase in training delivery has led to an additional training officer being employed, enabling us to continue increasing our training delivery. We will continue to work on delivering nationally recognised, certificate level training for all staff interested in participating.

All of the stores we operate are run on sound commercial principles. Unfortunately some stores are not viable due to small populations and geographic locations. Despite this we manage to operate these stores as efficiently as possible, enabling us to keep the additional funds required to an absolute minimum. This year we provided \$2 million of funds to support eighteen unviable stores with a further \$1.4 million spent on capital improvements at stores.

We currently manage thirty-five stores across some of the most remote parts of the Northern Territory, Western Australia and South Australia.

Thanks to the hard work of our store, regional and support office staff, these stores are run as efficiently as possible while meeting the needs of the local community.

This year we continued to progress our five year strategic plan. The key targets in the 2012 to 2017 Strategy are;

- to become profitable before interest income;
- maintain strong relationships with current and potential clients;
- have an effective healthy food strategy;
- continue to grow at a sustainable rate; and
- reduce the cost to operate Outback Stores.

Since inception, Woolworths has assisted Outback Stores with expert advice on various matters. In the past year we have asked for and received assistance in several areas. Woolworths has very kindly assisted us with advice on I.T. hardware and software. Their assistance is always greatly appreciated and makes a valuable contribution towards improving the way we conduct business.

This year saw one change within the Outback Stores management team; Peter Tonkin, our Merchandise Manager left Outback Stores in June. I would like to thank Peter for his hard work and significant contributions to Outback Stores. I sincerely wish him a happy and prosperous future. Alan Malakou, one of our Retail Operations Area Managers has been promoted into the position, I am sure Alan will continue the good work Peter had already started.

I would like to thank all of our staff for their hard work and dedication over the past year, in particular our store managers who make great sacrifices to work with Outback Stores. They move away from family and friends and live in some very far-off locations to take on the challenging task of running these remote stores. Without them we would not be able to deliver on our mission.

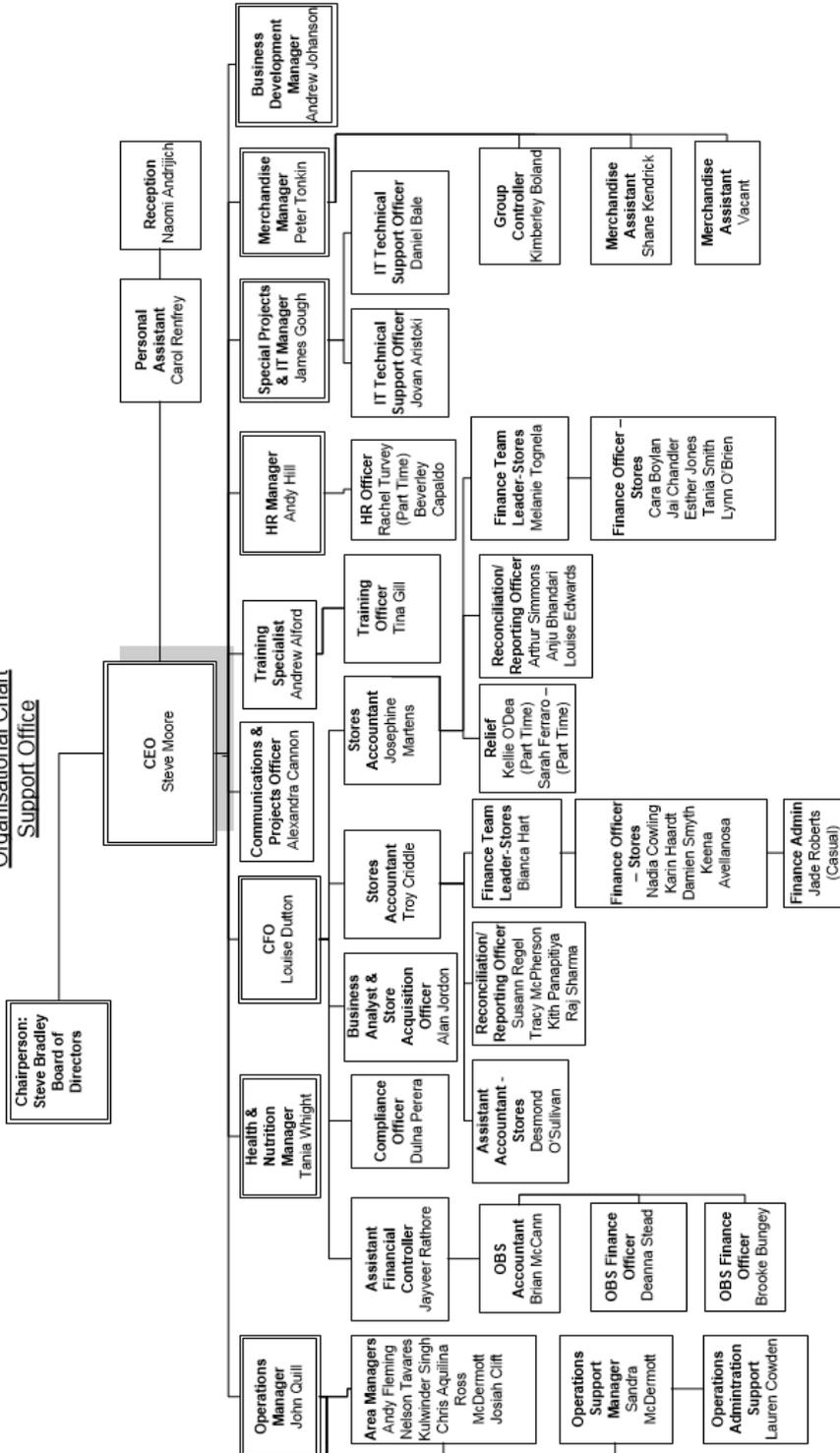
I would also like to thank the Chairman and the Board of Directors, who support and assist Outback Stores, addressing the many challenges we face. As experts in their chosen fields, they bring a great deal of expertise to a company that would not normally have access to such skilled individuals. I am also personally grateful for all the support and assistance I have received during the year.

Finally I would like to thank our clients, without the thirty-five store committees we report to, Outback Stores would not exist. Working with the individual store governing bodies is by far the most rewarding part of the job. It is terrific to work with the communities to help improve their stores and make sure we are meeting their needs.

Steve Moore | Chief Executive Officer

30th June 2014

OUTBACK STORES
Organisational Chart
Support Office



*This Organisational Chart
excludes Store Managers*

Location : Outback Stores Darwin Support Office

67 Pruen Rd
Berrimah NT 0828

Workplace Profile

The number of employees at Outback Stores has increased from an average of 117 in the 2012-13 financial year to 136 permanent and 8 temporary staff as of 30th of June 2014. This increase reflects 6 new stores joining the group. Over 400 more additional staff are employed in stores, consisting of:

Male Full-time 11
Male Part-time 42

Male Casual 124
Female Casual 151

Female Full-time 15
Female Part-time 58

Senior Management Team

Chief Executive Officer (CEO)	Highest executive corporate officer. Responsible for the total management of Outback Stores, reports to the Board of Directors.
Chief Financial Officer (CFO)	Manages the financial risks and supervises the finance department of Outback Stores. Also responsible for financial planning and record-keeping, as well as financial reporting to the CEO and the Board of Directors.
Operations Manager	Responsible for the daily operation of Outback Stores' 35 remote stores and routinely reports to the Chief Executive Officer.
Merchandise Manager	Manages the stores' merchandising activities by maintaining supplier relationships, formulating retail strategies and determining promotions and pricing.
Human Resources Manager	Responsible for the attraction, selection, training, assessment, and rewarding of employees and ensuring compliance with employment and safety legislation.
Health and Nutrition Manager	Oversees the nutritional, environmental health and food safety requirements of community stores managed by the company, while ensuring we meet the parts of our mission relating to the health and nutrition of Indigenous people.
IT and Special Projects Manager	Responsible for implementing and maintaining Outback Stores' technology infrastructure, monitors the company's operational requirements and builds the most cost-effective and efficient system to achieve these goals.
Business Development Manager	Responsible for establishing, developing and maintaining relationships with remote community boards, committees and key Outback Stores stakeholders.

Learning and Development

Outback Stores is a Registered Training Organisation (RTO) offering nationally recognised qualifications in retail services. We are able to offer Certificate I, II and Certificate III in Retail Operations to all eligible store staff.

Subsidiaries

Outback Stores has one subsidiary; this is the Ti Tree Food Store in the Ti Tree community, Northern Territory. Information regarding this subsidiary can be found in the financial reports.

Sales

Sales growth has been solid this year with the group achieving growth on comparable stores. The year started slowly with stores only seeing 0.4% growth on the previous year in the first quarter. However sales strengthened in the second quarter to 6.2%, then peaked in quarter three with a growth of 8.4%, finally slowing off in quarter four to 1.4%.

It must be noted that a selection of stores missed sales budgets due to fluctuating populations, which substantially reduced their ability to achieve budget.

During the year management continued to focus on stock management in stores, this work ensures all sites are using a standardised stock management procedure for ordering. This procedure allows stores to maintain appropriate stock levels, have a consistent supply and continually improve the quality of stock being received.

Sustainability

Operations team:

Building sustainable stores was also a major focus for the operations team this year. We directed our attention to recruitment and development of our store management group, with improvements to the recruitment process increasing the quality of applicants looking to join Outback Stores. This, combined with a disciplined selection process and customised training has considerably improved the quality of managers working in our stores. Due to these consistent efforts throughout the year Outback Stores has built a solid team of managers within our stores and retention rates are now expected to improve significantly.

Regrettably three of our original, long serving area managers left Outback Stores this year; however we were fortunate to be able to promote internally to fill two of these vacancies and the remaining position was successfully filled externally.

Capital Improvements:

The continual improvements in store infrastructure through the use of capital investment has once again seen store refrigeration improve. The replacement of old and inefficient refrigeration, along with the removal of inefficient rolling refrigeration units, is seeing a reduction in maintenance costs and power consumption, also enabling us to increase the range of frozen and chilled products for our customers.

Work continues to progress on the Aboriginal Benefit Account (ABA) funded store developments and refurbishments. The refurbishment at Willowra is complete and work has started on the new store at Bulman. The remaining stores, Beswick (new store), Jilkmiggan (refurbishments), Canteen Creek (refurbishments), Engawala (refurbishments) and Epenarra (refurbishments) are still in the planning stage, with work also being completed on land use agreements.

Management Agreements

Eight existing stores have re-signed management agreements in the past twelve months.

Growth

The past financial year has seen six stores join the group, Bickerton Island in the Northern Territory, and Warmun, Wungkul, Jigalong, Beagle Bay and Kalumburu in Western Australia. Each of the stores transitioned smoothly into Outback Stores sites with generous support from community members and store committees.

Coming Twelve Months

The next twelve months will see further improvements in the operation of stores with a major emphasis on improving stores results, the growth of our team and well managed sustainability in stores. Our efforts will continue to be concentrated on providing well managed, well stocked and well controlled stores that are driven to achieve their individual store budgets while delivering positive nutritional outcomes.

Operations management will remain focused on building and strengthening our growing team, while at the same time ensuring a high level of job satisfaction and increased development also remain a priority.

John Quill | Group Operations Manager

This year has proven to be challenging yet rewarding for the Outback Stores merchandise department, primarily due to some personnel changes and refocusing of priorities. The support given by our suppliers and wholesalers has been very encouraging and I am pleased to report our gross profit is improving and prices are being carefully managed in all departments.

Suppliers and Pricing

Efforts this year have been focused on encouraging supplier buy in to the Outback Stores offer, with some very promising results. PFD Food Services has agreed to national pricing and ranging, which will improve the offer and reduce the prices at the store level. Likewise, work is continuing with Metcash for a national retail agreement. Merchandise will also continue to work closely with other major suppliers in fruit, vegetables, meat and general merchandise to ensure stores are receiving the best products at nationally competitive prices.

Our collaborative approach with suppliers of fruit, vegetables and meat has addressed some ongoing product, price and quality issues and resulted in increased sales for the year.

The Outback Stores soft drink strategy in partnership with Coca-Cola Amatil has proven to be a success once again. Our preferential pricing for sugar free drinks and Mt Franklins 600ml water has lead to increased consumption of water and sugar free drinks, at the expense of full sugar drinks, while maintaining category growth. Drink planograms were also provided to all store managers and play a vital role in this success story.

Logistics and Service Providers

With thirty-five stores nationally, correctly coordinating logistics over eight transport companies is critical to the success of the company. Our focus was to ensure transport companies met Outback Stores' standards and stores received their orders on time, in good condition, at the correct price, with special attention to this during the wet season.

In the year to come the logistical solution will be reviewed for all states, with the intention of providing improved service and price.

Group Controller and Back Office

The group controller has worked to ensure each store's back office reflects accurate prices that will deliver the desired financial result. Each department is being reviewed over the coming year in order to maintain the integrity of the system.

Promotions

Annual promotional events continue to contribute to building business partnerships with wholesalers, manufacturers, suppliers and managers. The Independent Grocers Tradeshow is a great example of this. This year's show was held in Darwin and was once again able to give a vital boost to efficiency and growth within the business. Outback Stores will continue to support events such as this, as they greatly benefit the community's health and financial outcomes.

Coming Twelve Months

The merchandise team will continue to develop supplier and service provider relationships in order to obtain the best possible price and service for the stores, so that a range of healthy, accessible and safe food is available to all our customers.

Peter Tonkin | Merchandise Manager

Supply

A key focus this year was the revision of the Outback Stores health and nutrition policy; this policy aligns with state legislative requirements and sets out supply ranging and promotion guidelines for all stores. This policy was successfully rolled out as the minimum standard in all stores.

Following the revised Health and Nutrition policy, our focus moved to review the supply of healthier options in stores. The essential range of goods was revised, with a minimum of over two hundred health promoting food, drink and household items. This range is continually being improved as new lines are introduced into stores.

An analysis conducted this year of a random sample of stores before and after commencing management with Outback Stores shows the range of goods and volume of stock substantially improves under proper management. Improvements of over 200% were seen in key health categories such as meat and fruit and vegetables and improvements over 150% were seen in other categories such as chilled goods, general merchandise and basic services (power and phone cards).

Affordability

Since 2011, subsidies have been applied to fresh fruits and vegetables, some meat lines, healthy takeaway lines, diet soft drinks and water. This has been extended this year to include infant formula, healthier meat pies and fresh frozen sandwiches.

Health Promotion

This financial year saw the collaboration with Menzies School of Health Research on the Shop@Remote Indigenous Communities (Shop@RIC) project. Twelve stores in the Northern Territory participated in the trial, where fruit and vegetables, water and diet soft drinks were discounted by 20%. In some stores, these reductions were accompanied by an in-store nutrition education strategy to promote these healthier options. This trial will help inform the evidence base on the effectiveness of price discounts on consumer purchasing habits with and without nutrition education.

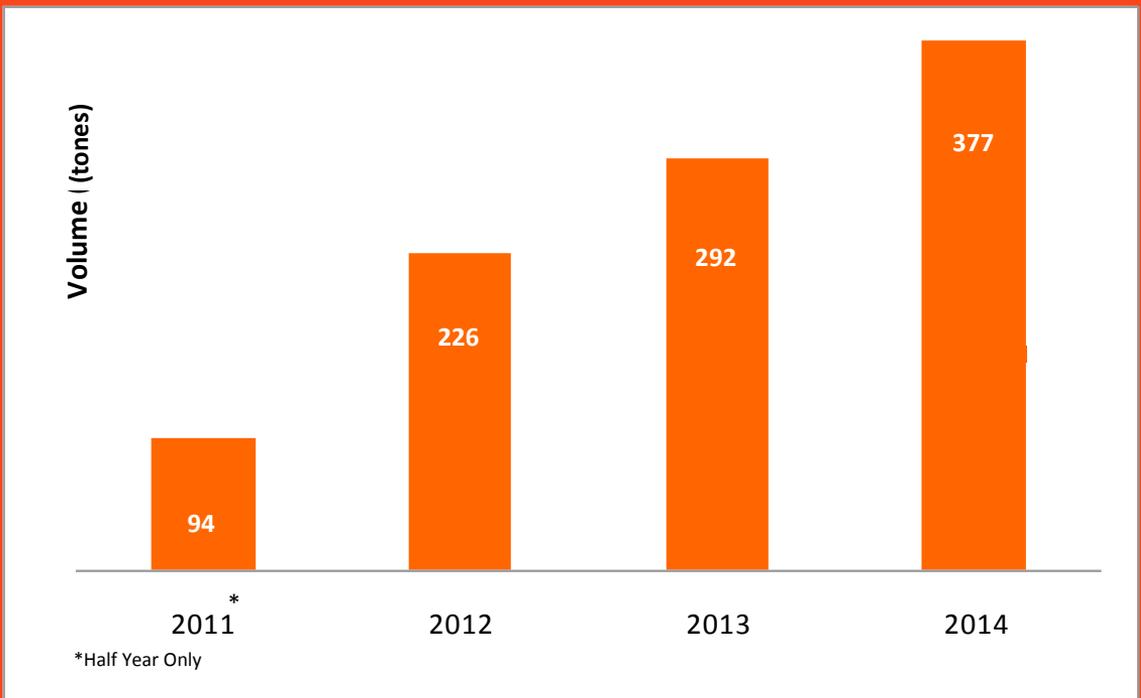
Outback Stores was excited this year to collaborate with the Paupiyala Tjarutja Aboriginal Corporation and Flywire Films to produce Ara Wankatjara Nyinyani, which tells the story of the Spinifex people at Tjuntjuntjara and their journey to improve the health of their people and keep culture strong. Outback Stores was inspired and challenged by the steps they had taken to develop their strong community-wide health policy. This film was produced as a case study for all Store Boards and stakeholders to demonstrate what can be done.

Coming Twelve Months

Nutrition will continue to collaborate with merchandise and operations departments and external stakeholders to improve the consistency of supply in stores and affordability of goods within the commercial realities of store operations. We also look forward to collaborating with external stakeholders and Store Boards to foster their good health in the future.

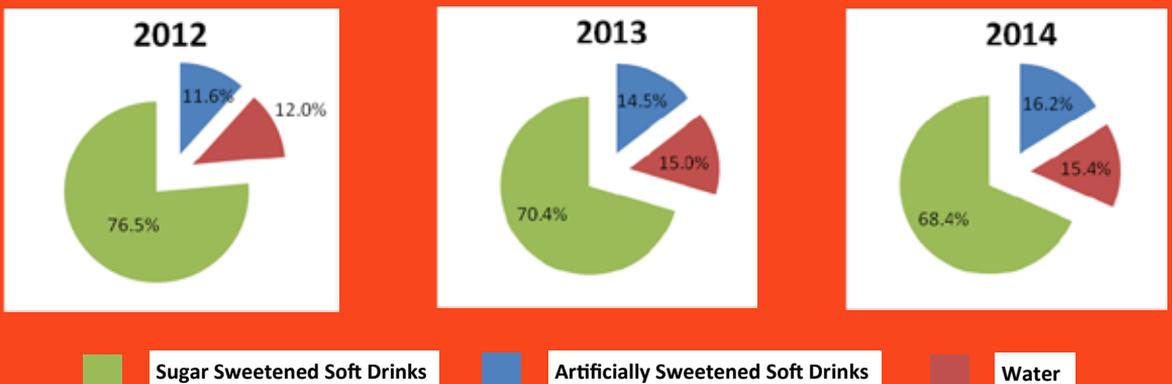
Tania Whight | Health and Nutrition Manager

FRESH FRUIT AND VEGETABLES – ALL PARTNER COMMUNITY STORES



In 2014, partner community stores sold over 377 tonnes of fresh fruit and vegetables.

DRINKS MARKET SHARE – ALL PARTNER COMMUNITY STORES



In 2014, the market share of sugar sweetened soft drinks declined by 1.5% compared to other soft drinks and water.

MORE FROM OUTBACK STORES

INSPIRING COMMUNITY DRIVEN DOCUMENTARY FROM TJUNTJUNTJARA

Ara Wankatjara Nyinanyi is a community driven media project, produced as a joint venture between Outback Stores, the Paupiyala Tjarutja Aboriginal Corporation and Flywire Films.

This short documentary tells the inspirational story of the most remote Aboriginal community in Australia and their work to overcome health problems caused by a western diet.

Tjuntjuntjara community directors Debbie Hansen and Josie McArthur were very excited about the documentary's premiere at Darwin Waterfront, as part of NAIDOC celebrations; "We are the Spinifex people from the Great Victoria Desert in Western Australia. A proud and strong people. This is our story about how we are trying to improve the health of our people to keep our culture strong.

We hope everyone enjoys this," they said.

Outback Stores Chief Executive Officer Steve Moore believes this film will leave a lasting impression on all its viewers.

"Outback Stores is extremely proud to be part of such an inspiring project, which aligns so well with our mission to help make a positive difference in the health, employment and economy of remote indigenous communities. I would encourage everyone to watch this documentary and catch a glimpse of the great work going on in Tjuntjuntjara," he said.

This film is a must see, offering a valuable insight into the great work going in remote communities and is now available on DVD from the Outback Stores Darwin office.





Annalise, Isaiah and Dahlia Daniels making the most of the fruit and vegetable range at the Ngukurr community store.

OUTBACK
Stores



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Store Manager Needa Ali setting up the fruit and vegetable display



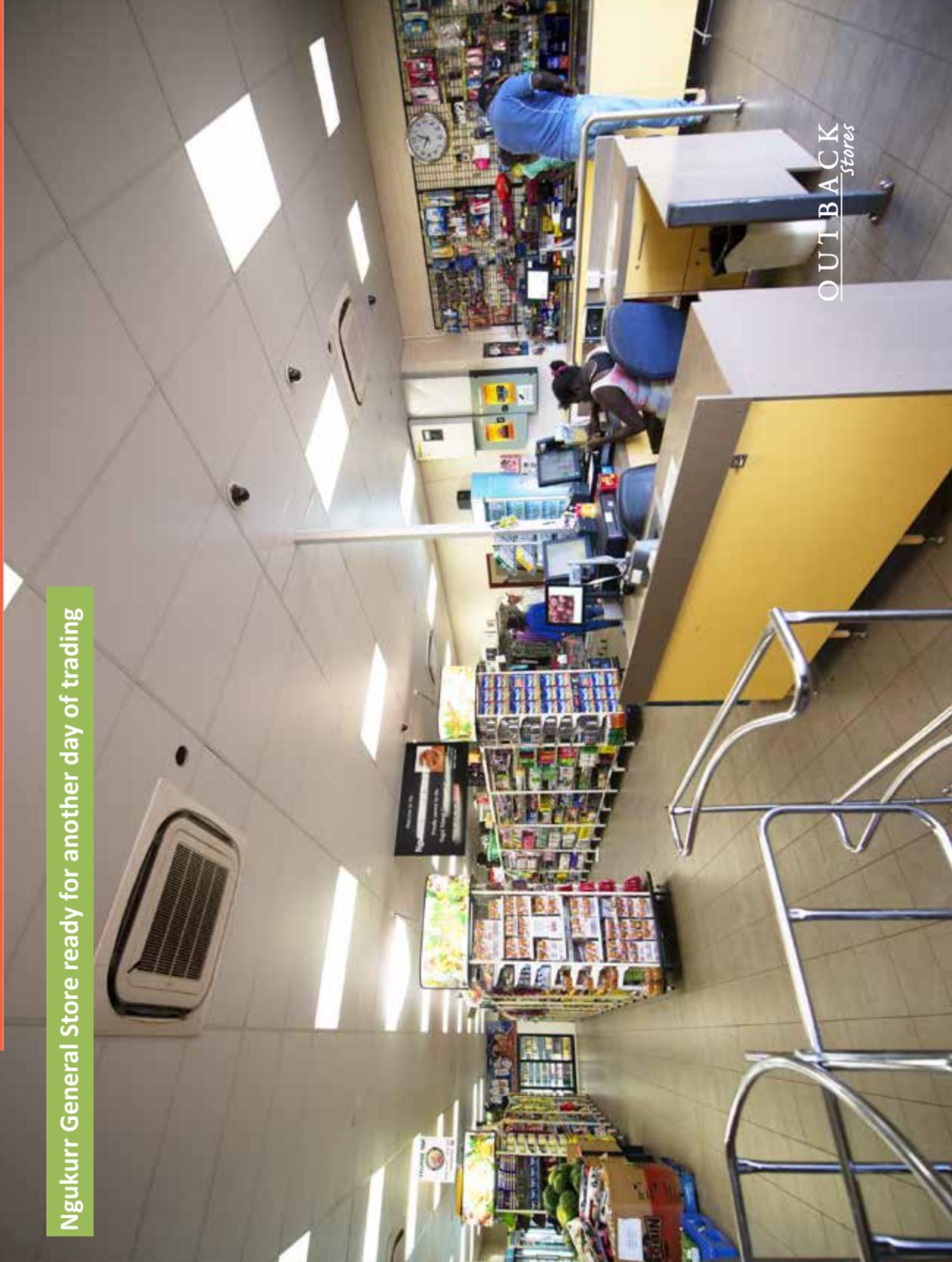
Isaiah Daniels enjoying his oranges

OUTBACK
Stores



Beverly Silver and Lindell Wark purchasing the weekly shopping in Ngukurr

Ngukurr General Store ready for another day of trading



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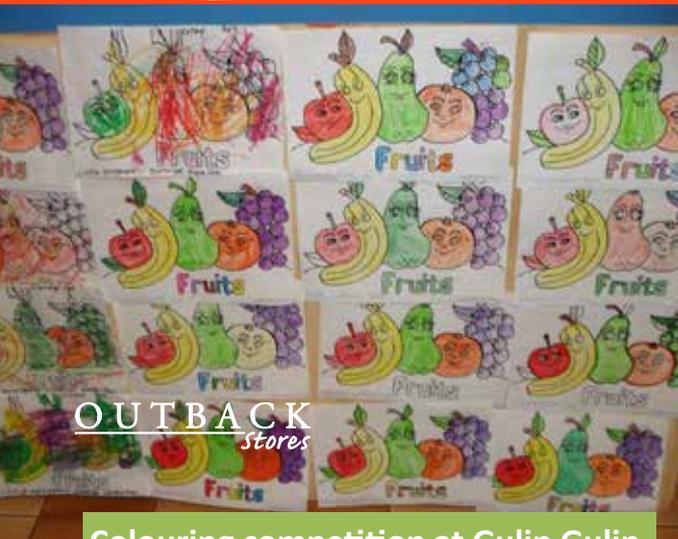
Store Assistant Lincon Silver keeping the shelves stocked and tidy



OUTBACK
Stores



Store Manager Tammy Stephens is all smiles with Store Assistants Kara Budd and Samantha Lindsay at the Gulin Gulin Community Store



Colouring competition at Gulin Gulin Community Store



Daphne Ryan, Store Assistant at Beswick Store, using the new POS checkout screens

OUTBACK
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Wild buffalo just outside the Barunga Community

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On the road to Jilkminggan

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Ngukurr at sunrise

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Sunset in the Wetenngerr Community

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Stores

MORE FROM OUTBACK STORES

PATHWAYS TO MANAGEMENT

This June saw the launch of *Pathways to Management*, a campaign across all 35 stores to encourage staff towards training, development and eventually stepping into Outback Stores management roles.

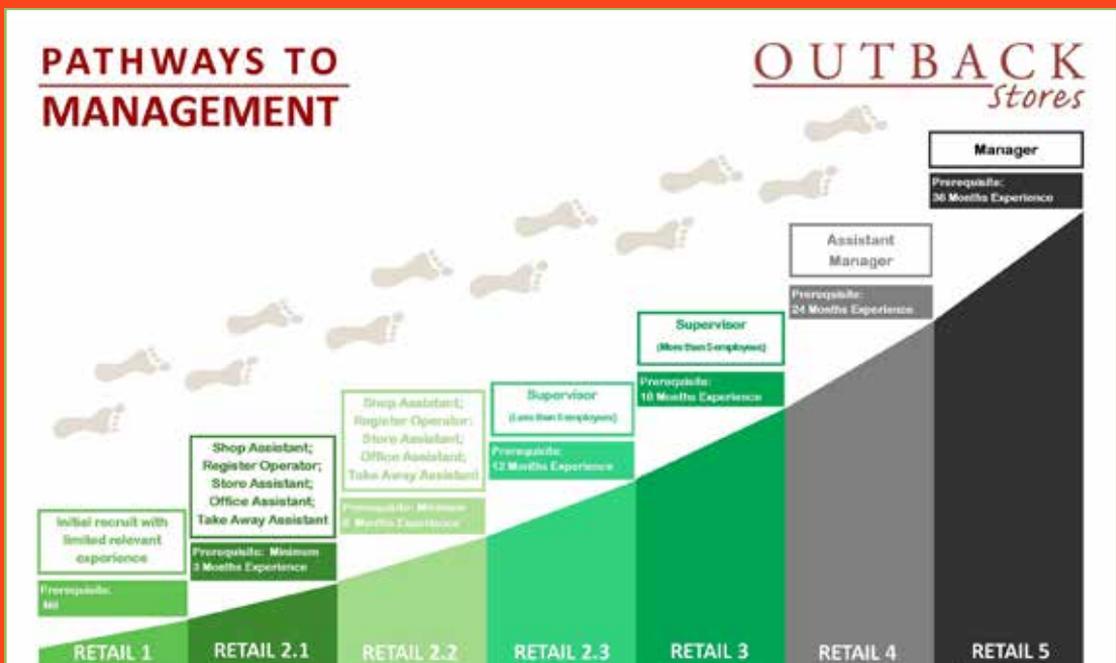
Store specific posters will now be displayed in all stores, clearly outlining the pathway to store management, qualifications gained along the way and role specific pay rates.

Pathways to Management will contribute to the ongoing efforts focused on Indigenous training in the 35 communities in which Outback Stores operate.

Chief Executive Officer Steve Moore is looking forward to an increase in the numbers of Indigenous staff in management roles.

“The concept of *Pathways to Management* is to be completely transparent with the opportunities available for Indigenous staff and show store employees that they can achieve a higher, more rewarding role within their community store,” he said.

“All store staff can now clearly see the benefits of participating in store training while gaining nationally recognised qualifications. I’m confident we will continue to see enrollments rise.”



In the 2013 calendar year, Outback Stores hit our target of delivering 5550 hours of funded training in the Northern Territory. The Department of Business and Employment has awarded Outback Stores a contract for 8400 funded hours of training to be delivered in the 2014 calendar year. This result reflects a 60% increase over the last three years' funding offering and is due to our consistent good performance against previous years' contracts.

Increased funding has significantly boosted our capacity to offer funded training to Indigenous people in Northern Territory stores and has necessitated the employment of an additional trainer. Tina Gill joined the team in March and will take on training responsibilities for all Northern Territory trainees. Tina has already done a fantastic job encouraging the additional sign-ups required to fulfill our Northern Territory contract, allowing other resources to be directed to promoting growth in Western Australia.

Outback Stores has signed an agreement for the *Indigenous Employment Program* with the Department of the Prime Minister and Cabinet. The project supports employment and training outcomes for thirty-seven participants through regular mentoring and support, as well as promotion of the benefits of Indigenous employment. We hope to achieve increased retention among participants in the programme. If successful, we can then replicate strategies from the project across all stores.

Outback stores successfully applied for renewal of registration as an RTO on January 14th 2014, which means we retain our status as an RTO status for another five years. This is crucial in order to continue to offer customised, funded training solutions to our clients.

Andrew Alford | Training Specialist



Pictured from left to right: Di Davies, Gonzaga Puatjimi, Andrew Alford, Bree Franey, Casimira Munkara

Introduction

Outback Stores is a wholly owned Commonwealth company and is currently under the Prime Minister and Cabinet Portfolio. The responsible Minister for the 2013-14 reporting period is Senator the Hon Nigel Scullion, Minister for Indigenous Affairs. For the period 1 July 2013 to 18 September 2013 the former Minister for Families, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP was the responsible Minister. Outback Stores is required to fulfill the requirements of the *Corporations Act 2001* and *Commonwealth Authorities and Companies Act 1997* (CAC Act) for the full financial year.

Corporate Governance Statement

The company has used the Australian National Audit Office better practice guide to review and enhance its governance arrangements.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term of office are detailed in the Directors Report on page thirty-three. Outback Stores directors are appointed by the Australian Government. All directors are non-executive.

Ethical Standards

The Board acknowledges and emphasises the importance of directors and employees maintaining the highest standard of corporate governance practice and ethical conduct.

Board Development and Review

New Board members undertake a formal induction into their role, including a meeting with the Chair and other directors. They are given an induction pack that includes the Board Governance Charter. Directors are required to pursue their own development and continuously update their knowledge to attain and maintain the levels of competence demanded of them. Directors are expected to undertake ongoing professional development that is relevant, required and commensurate with Outback Stores' requirements.

Remuneration

Outback Stores directors are entitled to remuneration and allowances in accordance with Remuneration Tribunal determinations. Details of directors' remuneration and interests are set out in the financial statements.

Indemnity and Insurance

Outback Stores indemnifies current and former directors and staff members against any liability or costs incurred in connection with any claim brought against them as a result of—or in connection with—their appointment to any office or position in Outback Stores or a related entity. Outback Stores holds directors' and officers' liability insurance cover through Comcover, the Australian Government's self-managed fund. As part of its annual insurance renewal process, Outback Stores reviewed its insurance coverage in 2013-14 financial year to ensure it remained appropriate for its operations. The cost of directors' and officers' indemnity insurance for 2013-14 financial year was \$12,343.45.

Board of Directors



Steve Bradley
Chairman



Alastair King



Natasha Short



Bob Hudson



Heather D'Antoine



Kerin O'Dea



Drew Robinson



Naum Onikul

Meetings held during the year and attendance:

The Board of Directors meet quarterly, in August, November, February and May of each Financial Year

Name	Director	Committee	Attendance 4 Meetings in FY2013-14	Meetings missed
Mr. Stephen Bradley (Chair)	Non Executive	SAC, AR & SOC	4	0
Mr. Robert Hudson	Non Executive	AR	4	0
Mr. Alastair King	Non Executive	SOC	3	1
Prof. Kerin O'Dea	Non Executive	SOC & SAC	3	1
Ms. Heather D'Antoine *19/5/2014	Non Executive	SOC	2	1
Mr. Naum Onikul **24/5/2014	Non Executive	SAC & AR	3	0
Mr. Drew Robinson	Non Executive	SAC & AR	4	0
Ms. Natasha Short	Non Executive	AR	4	0
Dr. Belinda Orme	Secretary	Nil	4	0

Note: * Expired ** Expired / Acting Appointment from 18 June 2014 for three months

Performance Evaluation

The performance evaluation of the Board of Directors is conducted yearly. The Chairman discusses with relevant parties whether they feel the board is performing well and any feedback required. The Chairman then discusses the outcomes at the next Board meeting to identify appropriate action to remedy any identified shortcomings to continue to perform effectively.

Audit and Risk Committee:

The Audit and Risk Committee was established in 2007 and meets quarterly or as required. The Company is required to have an Audit Committee under section 44 of the *Commonwealth Authorities and Companies Act 1997*.

The committee charter is to consider any matter relating to the financial reporting, internal control structure (including director reimbursement), internal risk management systems and external audit function of Outback Stores and any of its controlled entities.

The functions of the Committee include:

- a) Helping the Company and its Directors to comply with obligations under the *Commonwealth Authorities and Companies Act 1997* and the *Corporations Act 2001* and
- b) Providing a forum for communication between the Directors, the Senior Management, and the internal and external Auditors of the Company.

The performance evaluation of the Committee is conducted yearly and follows the same process as the Board evaluation.

Audit and Risk Committee Meetings held during the year and attendance

Name	Company Director	Committee Position	Attendance 4 Meetings in FY2013-14	Meetings missed
Mr. Robert Hudson	Yes	Chairman	4	0
Mr. Stephen Bradley *20/11/2013	Yes	Member	1	0
Ms. Natasha Short ** 21/11/2013	Yes	Member	2	0
Mr. Drew Robinson	Yes	Member	4	0
Mr. Naum Onikul ***24/5/2014	Yes	Member	3	0
Dr. Belinda Orme	No	Secretary	2	0

Note: * Expired ** Appointed *Expired / Acting Appointment from 18 June 2014 for three months**

Social Outcomes Committee:

The Board established the Social Outcomes Committee in 2013 and meetings are held quarterly or as required. It's Charter is to consider any matter relating to social outcomes in individual Indigenous communities including nutrition, employment, community engagement and economic development.

The functions of the committee include,

- a) Developing strategies with management on;
 - i) Health and Nutrition
 - ii) Indigenous employment
 - iii) Community engagement and
 - iv) Economic development in communities
- b) Monitor and review progress against approved strategies.
- c) Review and approve formal working partnerships with other agencies in nutrition, Indigenous employment, community engagement and economic development.

Social Outcomes Committee meetings held during the year and attendance

Name	Company Director	Committee Position	Attendance 2 Meetings in FY2013-14	Meetings missed
Mr. Stephen Bradley	Yes	Member	2	0
Prof. Kerin O'Dea	Yes	Member	1	1
Mr. Alastair King	Yes	Member	1	1
Ms. Heather D'Antoine *19/5/2014	Yes	Member	1	0
Dr. Belinda Orme	No	Secretary	2	0
Mr. Steve Moore	No	CEO	1	1

Note: * Expired

Store Assessment Committee:

The Store Assessment Committee, previously the Store Acquisition Committee, continued with the responsibilities delegated last financial year. The Board established the Store Assessment Committee in 2007 and meetings are held monthly or as required. It's Charter is to consider any matter relating to Store Management in individual Indigenous communities including strategy, agreements, termination, expenditure, capital loans and underpinning.

The functions of the committee include:

- Consider management proposals for store acquisitions under management agreements, leases or purchases.
- Consider management proposals to discontinue management services.
- To authorise requested operational underpinning by management for unviable stores.
- To authorise requested capital underpinning by management for unviable stores.
- To authorise commercial loans to stores under company management.
- To ensure robust procedures are implemented and followed for the use of public funds to support remote stores under company management.

Store Assessment Committee Meetings held through the year and attendance

Name	Company Director	Committee Position	Attendance 12 Meetings in FY2013-14	Meetings Missed
Mr. Stephen Bradley	Yes	Chairman	9	3
Mr. Drew Robinson	Yes	Member	10	2
Prof. Kerin O'Dea	Yes	Member	9	3
Mr. Naum Onikul *24/5/2014	Yes	Member	8	4
Dr. Belinda Orme	No	Secretary	10	2
Mr. Steve Moore	No	CEO/Member	12	0

Note: *Expired / Acting Appointment from 18 June 2014 for three months

Risk Management

Regular senior management and Audit and Risk committee reviews identify strategic risks in the Company's activities. The Company's risk profile is updated on an ongoing basis and is reported quarterly. This is then discussed at each meeting with any concerns addressed to the Board.

Statement of Expectations issued to Outback Stores

Outback Stores was issued with a Statement of Expectation by the Minister for Indigenous Affairs Senator the Hon Nigel Scullion on 9th April 2014. In response, Outback Stores provided a Statement of Intent on 3rd of June 2014 confirming our support towards the Government's key priorities in Indigenous Affairs: ensuring children go to school; adults are in work; and people live in safe communities.

Key activities and changes affecting the company

There were no significant events reported on under section 40 of the CAC Act during the financial year.

Outback Stores Pty Ltd Company Constitution

There were no changes to the constitution of the organisation during the reporting period.

Disclosure requirements for Government Business Enterprises

Outback Stores is not currently a government business enterprise and hence has no reporting requirement for this Annual Report relating to changes in financial conditions and community service obligations or information that is commercially prejudicial.

Exemptions

The Finance Minister has not granted an exemption from any requirements under the CAC Act.

Ministerial Directions and General Policy Orders

There have been no Ministerial Directions, General Policies or General Policy Orders issued to Outback Stores.

Information Publication Scheme

Outback Stores received no freedom of information requests in the 2013-14 financial year. Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. This will be developed and implemented in the 2014-15 financial year.

Judicial Decisions and Reviews by Outside Bodies

There were no judicial decisions or decisions of administrative tribunals that had a significant effect on Outback Stores' operations during 2013-2014. The Commonwealth Ombudsman received no complaints regarding Outback Stores.

Related Party Transactions

Outback Stores has had a contract in place with The Arnhem Land Progress Aboriginal Corporation (ALPA) for assistance with information technology services since 2009. ALPA's CEO Mr. Alastair King has been a director of Outback Stores since its inception. The nature of this transaction was well known to the Board and any potential conflicts of interest have been managed appropriately but had been omitted from related party transaction disclosures in previous financial statements and Annual Reports. OBS reported this omission to the Australian National Audit Office (ANAO) in October 2014 and the omission has since been rectified.

The Outback Stores Board is committed to ongoing improvement in its governance and has also implemented revised practices to manage related-party transaction disclosures to avoid any real or perceived conflicts of interest in future. This includes a separate standing agenda item for each Board meeting to declare and review all potential conflicts of interest, specific review and declaration of related party transactions for inclusion in the Annual Report, and an appropriate note will be included in future financial statements for all related party transactions for review by the ANAO.

The Outback Stores Board maintains a commitment to continual review and improvement of its governance practices to align with best practice public sector administration.

Disability Reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy advisor, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010-11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010-2020, which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in late 2014, and can be found at www.dss.gov.au.

Health and Safety

In November 2013 the Zero Harm concept was launched throughout the Outback Stores business. Zero Harm is a desire for all employees within Outback Stores to consider their actions to ensure there is Zero Harm to Workers (employees and contractors), Communities, Suppliers, the Environment, Plant & Equipment, Finances and Reputation.

This year there was one notifiable incident, which took place in Tennant Creek Foodbarn – an assault on the Store Manager. Fortunately there have been no ongoing repercussions from this incident and the employee has fully recovered.

There has been a documented increase in incidents reported to Outback Stores, due to an increased emphasis given to workplace health and safety reporting. Staff are more aware of hazards in stores and the risk rating resulting from these hazards, which also contributes to the increase of reported incidents.

A new workplace safety checklist is completed by Stores and Darwin Support Office a minimum of four times a year to identify hazards. The completed checklists are analysed by the Safety Committee and actions are taken where possible to eliminate hazards, or controls are introduced to reduce the risk.

Environmental performance and Ecologically Sustainable Development

Section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires Australian Government organisations—including authorities such as Outback Stores—to include in their Annual Report a section detailing their environmental performance and their contribution to Ecologically Sustainable Development (ESD). In doing this, Outback Stores is committed to the principles of ESD as detailed in section 3A of the EPBC Act.

The following table details Outback Stores' ESD activities in accordance with section 516A(6) of the EPBC Act 1999.

Activity	How it Accords with the Principles	How it furthers or Advances ESD Principles
Recycling Plan	Integrating both long and short-term economic, environmental considerations.	Implementing and maintaining a recycling plan in the national office to reduce waste.
Store Refrigeration	Recognising and considering the environmental impacts of actions and policies.	Refrigeration in stores is upgraded accordingly to reduce power consumption and swapping to more efficient refrigerant gas in new equipment.
Lighting for Stores and Housing	Recognising and considering the environmental impacts of actions and policies.	Remote Stores and Manager Housing is fitted with energy-efficient lighting, where possible, to reduce power consumption.
Hot Water for Stores and Housing	Recognising and considering the environmental impacts of actions and policies.	Solar hot water systems are installed in stores and housing, where possible.
Sale of White Goods	Maintaining company competitiveness in an environmentally sound manner.	Stocking white goods with higher energy efficiency ratings, for sale in stores when possible.
Purchasing New Equipment	Integrating both long and short-term economic, environmental considerations.	Considering all environmental impacts when purchasing all new equipment.
Capital Improvement Programs	Integrating both long and short-term economic, environmental considerations.	Considering all environmental impacts as part of the process of identifying capital improvement programs.
Upgrading Computers	Recognising and considering the environmental impacts of actions and policies.	Computers are upgraded accordingly.

Outback Stores' Approach to Implementing ESD Principles

Outback Stores was established to improve access to affordable healthy food in remote Indigenous communities – our primary focus is on economic and social outcomes, rather than environmental outcomes.

As a result, we are yet to develop a comprehensive environmental strategy; however we have continued our efforts to reduce Outback Stores' carbon footprint through various measures such as implementing more sustainable energy practices, water management and waste management. We are continuing the development of programs at our national office and remote stores to reduce environmental impacts and although we are yet to develop metrics to monitor our carbon footprint, we are committed to continual improvement in environmental performance management.

Outback Stores Pty Ltd and Controlled Entity

Directors' report

The directors of Outback Stores Pty Ltd and its controlled entity (Outback Stores or the Company) submit herewith the annual financial statements of the Group for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

This report and the attached financial statements have been reissued because the previous financial statements did not disclose a related party transaction with The Arnhem Land Progress Aboriginal Corporation. This has now been amended in Note 13 to the amended financial statements. There are no other related party transactions other than that disclosed in Note 13.

Information about the directors

The names and particulars of the directors of the company during or since the end of the financial year are:

<u>Name</u>	<u>Particulars</u>
Mr. S. Bradley	Chairman, joined the Board on 31 July 2007 in a non-executive capacity. Mr. Bradley specialises in logistics and information technology and was involved in Woolworths, Big W Discount Stores and J. Sainsbury in London.
Mr. A.R. King	Joined the Board on 24 July 2006 in a non-executive capacity with over 25 years of retailing and remote retailing experience.
Mr. R.E. Hudson	Chartered Accountant and former Managing Partner of Deloitte Touche Tohmatsu in the Northern Territory, joined the Board on 24 July 2008 in a non-executive capacity.
Prof. K. O'Dea AO	Director of the Sansom Institute of Health Research at the University of South Australia and serves on national committees advising government on health and medical research, Indigenous health, nutrition and diabetes. In 2004, she was made an Officer of the Order of Australia for service to medical and nutrition research and the development of public health policy, particularly research into chronic diseases affecting Indigenous Australians. Appointed to the Board 15th of July 2010 in a non-executive capacity.
Mrs. H. D'Antoine	Associate Director of Indigenous Programs for the Menzies School of Health Research. In 2009 she was awarded the public health Association of Australia WA Branch, Indigenous Health Award. She has been involved extensively in research and presentations for Indigenous health throughout her career. Appointed to the board 9th March 2011 in a non-executive capacity. (Expired - 19/05/2014)
Mr. N. Onikul	Former Senior executive with Woolworths over 40 years successful experience in the retail environment. He has specialised in all aspects of the food, liquor and petrol business and managed the Woolworths liquor business (BWS & Dan Murphy) during initial conceptualisation to growth. Appointment to the board 24th May 2011. (Appointment expired 24/05/2014, Acting appointment 18/06/2014 to 17/09/2014)
Mr. A. Robinson	Former partner of Allan Moore & Co Solicitors (now part of Gadens Solicitors), Corporate Counsel of Ipex Information Technology Group, Corporate Counsel of Senetas Corporation Ltd, Solicitor and Assistant Company Secretary with Coles Myer Ltd. Currently Principal of Flexpertise Pty Ltd, an organisation that provides legal and governance expertise to organisations. Appointed to the Board on 20th September 2012 in a non-executive capacity.
Ms. N. Short	Natasha Short has a long association and deep interest in helping to make positive changes among Aboriginal people. Her fields of experience cover education, justice and housing which have been important tools in gaining valuable insights into some of the challenges facing Indigenous people. Since June 2011, Natasha has served on the board of directors of the Wunan Foundation - an Aboriginal organisation which is dedicated to making long term changes within the East Kimberley Region. Natasha remains passionately committed to the goal of Indigenous people improving their quality of life and working with a team of people who would like to make a difference in remote locations. Appointment to the board 26th June 2013.

The above named directors held office for the above mentioned terms.

Outback Stores Pty Ltd and Controlled Entity

Directors' report

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 6 to 7.

Shares options granted to directors and senior management

No share options were granted or authorised to directors and senior management.

Company secretary

Dr. B Orme held the position of company secretary of Outback Stores Pty Ltd at the end of the financial year.

Principal activities

Outback Stores' principal activities in the course of the financial year were the management services provided to remote Indigenous Community stores across Australia. Activities also include commercial loans and support to unviable remote community stores.

Review of operations

Combined store turnover for the financial year was over \$80million dollars from 35 stores. Outback Stores managed 35 stores at the end of the financial year.

We have continued to encourage consumption of healthy food while not withdrawing unhealthy products (such as cigarettes) as our experience is that people will travel great distances to source their unhealthy preferences. We have significantly improved the affordability of fruit and vegetables this year and observed a pleasing increase in volumes. Overall we believe that substantial diet changes will take a significant amount of time and involve continuing to work with health and nutrition groups in the communities.

We have also focused on improving efficiencies within the business reducing operating costs while maintaining high service levels to stores we manage.

The business of managing retail stores in remote community stores continues to be challenging due to the ongoing high operating costs both for the stores and for Outback Stores to service and support them. The company continues to work to reduce costs in stores and become more efficient in the way we manage them. The company still has a large number of stores that are not viable due to small populations and high operating costs.

	<u>2014</u>	<u>2013</u>
	\$	\$
Profit for the year	139,932	509,482
Less: Income tax	156,694	220,261
Profit before	296,626	729,743
Less: Adjustments for non-operating profit		
Revenue from Government	3,521,710	2,990,526
Gain on sale of fixed assets	123,407	87,933
Store grant expenditure	(3,425,248)	(2,515,959)
Grant expenditure	(46,462)	(170,795)
Total non-operating loss	173,407	391,705
Total operating profit	123,219	338,038

Change in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

Outback Stores Pty Ltd and Controlled Entity

Directors' report

Subsequent events

There has not been any matter or circumstance occurring subsequent to the year end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of its operations, or the state of affairs of the company other than those matters outlined in Note 15 to the financial statements.

Future developments

Outback Stores will continue to grow through expanding their services to other remote Indigenous community stores across Australia. There is a possibility that some of the current Indigenous community stores could discontinue their management agreement with OBS, any further information of this nature has been omitted due to the uncertainty involved in the operations of Outback Stores.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend for the current financial year's performance.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor.

Non-audit services

The auditor did not provide any non-audit services during or since the end of the financial year.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 of the annual report.

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Outback Stores' directors and its senior management for the financial year ended 30 June 2014. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management
- key terms of employment contracts

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

Mr. S. Bradley (Chairman)

Mr. A.R. King

Mr. R.E. Hudson

Mrs. H. D'Antoine (Expired 19/05/2014)

Prof. K. O'Dea

Mr. N. Onikul (Expired 24/05/2014, Acting appointment 18/06/2014 to 17/09/2014)

Mr. A. Robinson

Ms. N. Short

Outback Stores Pty Ltd and Controlled Entity

Directors' report

The term 'senior management' is used in this remuneration report to refer to the following persons that have the authority and responsibility for planning, directing and controlling the activities of the company. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr. S. Moore (Chief Executive Officer, appointed 29 June 2011)

Ms. L. Dutton (Chief Financial Officer, appointed 1 March 2009)

Mr. J. Quill (Operations Manager, appointed 27 February 2013)

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 4 board meetings, 12 store acquisition committee meetings, 4 audit and risk committee meetings and 2 social and outcomes committee meetings were held.

Directors	Board of directors		Store Assessment Committee		Audit and risk committee		Social and outcomes committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. S. Bradley	4	4	12	9	1	1	2	2
Mr. A.R. King	4	3	-	-	-	-	2	1
Mr. R.E. Hudson	4	4	-	-	4	4	-	-
Mrs. H. D'Antoine	3	2	-	-	-	-	1	1
Prof. K. O'Dea	4	3	12	9	-	-	2	1
Mr. N. Onikul	3	3	11	7	3	3	-	-
Mr. A. Robinson	4	4	12	10	4	4	-	-
Ms. N. Short	4	4	-	-	2	2	-	-

Note: Mr. S. Moore (Chief Executive Officer) is also a member of the Store Assessment Committee and attended all 12 meetings held during the year.

Remuneration policy

It is a requirement to agree any remuneration and wage contract of senior management with a member of the board. Remuneration is considered based on current market conditions and annual performance review.

Board approval is required to change the remuneration package of the Chief Executive Officer after determination by the remuneration tribunal.

Relationship between the remuneration policy and company performance

Remuneration for employees is based on employment contracts that are linked to the individual's and company performance.

The company's earnings are reported under the statement of profit or loss and other comprehensive income.

Remuneration of directors and senior management

Non-executive

Remuneration has been paid to non-executive directors during or since the end of the financial year.

	<u>2014</u>	<u>2013</u>
	\$	\$
Short-term employee	257,048	165,346
Total remuneration:	257,048	165,346

Executive officers

Short-term employee	650,773	669,417
Termination benefits	-	25,846
Total remuneration:	650,773	695,263

Outback Stores Pty Ltd and Controlled Entity

Directors' report

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

Bonuses to senior management are provided for based on their individual employee contracts and are based on company performance and at the Board's discretion.

Employee share option plan

No share-based payment arrangements existed during or since the end of the financial year.

Key terms of employment contracts

Employment contracts are negotiated on a per person basis and include the following details. Unless noted otherwise, the termination notice required to terminate the contract are four weeks.

Mr. S. Moore (Chief Executive Officer) - Three year contract commencing 29 September 2012, with a required termination notice of three months.

Ms. L. Dutton - (Chief Financial Officer) - Permanent position commencing 1st March 2009 with a required termination notice of eight weeks.

Mr. J Quill - (Operations Manager) - Permanent position commencing 27 February 2013 with a required termination notice of eight weeks.

On behalf of the Directors



Mr. S. Bradley

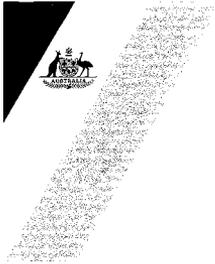
Chairman

Darwin, Dated:

11/12/14

Outback Stores Pty Ltd and Controlled Entity

Auditor's Independence Declaration



Mr Stephen Bradley
Chairman
Outback Stores Pty Ltd
PO Box 1953
Berrimah NT 0828

**OUTBACK STORES PTY LTD
FINANCIAL REPORT 2013-14
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the Outback Stores Pty Ltd and Controlled Entity for the year ended 30 June 2014, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Ron Wah
Audit Principal

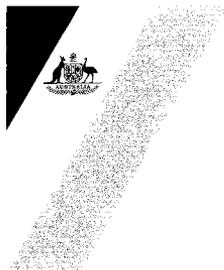
Delegate of the Auditor-General

Canberra
11 December 2014

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Outback Stores Pty Ltd and Controlled Entity

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the members of Outback Stores Pty Ltd

I have audited the accompanying financial report of Outback Stores Pty Ltd and Controlled Entity, which comprises the consolidated Statement of Financial Position as at 30 June 2014, the consolidated Statement of Profit or Loss and Other Comprehensive Income, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, Notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Directors' Declaration of the consolidated entity comprising the company and the entity it controlled at 30 June 2014.

Directors' Responsibility for the Financial Report

The directors of Outback Stores Pty Ltd 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 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Outback Stores Pty Ltd and Controlled Entity

Independent Auditor's Report

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

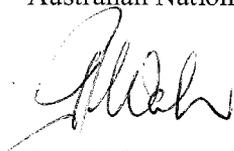
In my opinion:

- (a) the financial report of Outback Stores Pty Ltd and Controlled Entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Outback Stores Pty Ltd and Controlled Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without modification to my opinion, I draw attention to the Directors' Declaration which states that the 2013-14 financial report was reissued because the previously issued 2013-14 financial report did not disclose related party transactions with the Arnhem Land Progress Aboriginal Corporation. These transactions have now been included in Note 13 to the amended 2013-14 financial report.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
11 December 2014

Outback Stores Pty Ltd and Controlled Entity

Directors' declaration

The directors of Outback Stores Pty Ltd declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements; and
- (c) in the director's opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and the *Corporations Regulations 2001* and giving a true and fair view of the financial position and performance of the consolidated entity.

This financial report replaces the financial report signed on behalf of the directors on 21 August 2014. The previous financial report did not disclose a related party transaction with The Arnhem Land Progress Aboriginal Corporation. This has now been amended in Note 13 to the amended financial statements.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr. S. Bradley

Chairman

Darwin, Dated:

11/12/14

Outback Stores Pty Ltd and Controlled Entity

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	Consolidated	
		2014	2013
		\$	\$
Revenue			
Revenue from government grants	3A	3,521,710	2,990,526
Sale of goods and rendering of services	3B	4,654,524	3,874,998
Interest income	3C	1,870,391	2,457,720
Rental income	3D	20,020	20,020
Store recoveries and charges	3E	7,024,559	5,672,094
Rebates	3F	1,791,816	1,526,258
Other revenue	3G	487,299	346,442
Total Revenue		19,370,319	16,888,058
Expenses			
Consulting expenditure	4A	129,787	119,946
Cost of goods sold	4B	774,226	705,339
Depreciation and amortisation	4C	879,581	731,996
Employee benefit	4D	10,906,788	8,987,427
Gain on disposal of fixed assets	4E	(123,407)	(87,933)
Rental expenses	4F	219,628	238,670
Store grant expenditure	4G	3,425,248	2,515,959
Administrative expenditure	4H	2,815,380	2,776,116
Other grant (income) / expenditure	4I	46,462	170,795
Total Expenses		19,073,693	16,158,315
Profit before income tax		296,626	729,743
Income tax expense	5A	156,694	220,261
Profit for the year		139,932	509,482
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		139,932	509,482
Profit for the year is attributable to:			
Owners of the Company		139,932	509,482
Total comprehensive income is attributable to:			
Owners of the Company		139,932	509,482

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

Outback Stores Pty Ltd and Controlled Entity

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	Consolidated	
		2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	6A	57,582,383	61,672,882
Inventories	6B	128,571	120,111
Trade and other receivables	6C	2,588,725	2,058,143
Other financial assets	6D	185,686	55,657
Other current assets	6E	67,532	122,726
Total current assets		60,552,897	64,029,519
Non-current assets			
Property, plant and equipment	7	3,195,594	2,634,618
Deferred tax asset	5D	389,737	315,953
Other financial assets	6D	138,613	177,261
Intangible assets	8	32,839	10,827
Total non-current assets		3,756,783	3,138,659
Total Assets		64,309,680	67,168,178
LIABILITIES			
Current liabilities			
Trade and other payables	9A	865,653	661,970
Grants	9B	20,694,231	23,929,682
Provisions	9C	694,820	669,456
Borrowings	9D	-	53,936
Current tax liability	5C	207,506	208,469
Total current liabilities		22,462,210	25,523,513
Non-current liabilities			
Provisions	9C	309,676	229,832
Deferred tax liabilities	5D	18,080	35,051
Total non-current liabilities		327,756	264,883
Total Liabilities		22,789,966	25,788,396
Net Assets		41,519,714	41,379,782
EQUITY			
Issued capital	10	40,000,001	40,000,001
Retained earnings		1,519,713	1,379,781
Total Equity		41,519,714	41,379,782

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

Outback Stores Pty Ltd and Controlled Entity

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Consolidated		
	Fully Paid Ordinary Shares	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 July 2012	40,000,001	870,299	40,870,300
Total comprehensive income for the year, net of tax	-	509,482	509,482
Balance as at 30 June 2013	40,000,001	1,379,781	41,379,782
Balance at 1 July 2013	40,000,001	1,379,781	41,379,782
Total comprehensive income for the year, net of tax	-	139,932	139,932
Balance as at 30 June 2014	40,000,001	1,519,713	41,519,714

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

Outback Stores Pty Ltd and Controlled Entity

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Notes	Consolidated	
		2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		13,709,499	11,143,532
Payments to suppliers and employees		(14,581,523)	(13,054,516)
Grants received		286,260	715,881
Income taxes paid		(248,412)	(539,194)
Net cash (used) / generated by operating activities	12b	(834,176)	(1,734,297)
Cash flows from investing activities			
Payments for property, plant and equipment	7	(1,425,009)	(841,745)
Proceeds from sales of property, plant and equipment		128,715	95,929
Payment for purchase of intangible assets	8	(42,869)	(34,371)
Underpinning payments for stores and other grants		(3,471,710)	(2,686,754)
Amounts received from / (payments to) stores under commercial loans		(91,372)	113,449
Interest received		1,699,857	3,145,837
Net cash (used in) / generated investing activities		(3,202,388)	(207,655)
Cash flows from financing activity			
Proceeds from / (payments to) borrowings		(53,936)	21,859
Net cash generated by financing activity		(53,936)	21,859
Net increase / (decrease) in cash and cash equivalents		(4,090,499)	(1,920,093)
Cash and cash equivalents at the beginning of the year		61,672,882	63,592,975
Cash and cash equivalents at the end of the year	12a	57,582,383	61,672,882

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

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 1: General information

1. General information

Outback Stores Pty Ltd (Outback Stores or the Company) is a proprietary company limited by shares, incorporated and domiciled in Australia. Outback Stores principal activities are management services provided to remote Indigenous community stores across Australia and commercial loans and other financial support to unviable remote community stores through the support of Department of The Prime Minister and Cabinet (October 2013 - June 2014). Previously we were supported by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (July 2013 - September 2013).

The Group consist of Outback Stores and entities controlled by Outback Stores (its subsidiaries referred to as 'the Group' in these financial statements).

The Outback Stores' registered office and principal place of business of the company are as follows:

67 Pruen Road
Berrimah
Darwin NT 0828

Note 2: Summary of Significant Accounting Policies

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of this amendments does not have any material impact on the consolidated financial statements.

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

<p>AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'</p>	<p>This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>
<p>AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)</p>	<p>This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.</p> <p>As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>

New and revised Standards on consolidation, joint arrangements, associates and disclosures

<p>AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</p>	<p>AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation - Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 percent of the voting rights in an investee has control over the investee is relevant to the group.</p>
<p>AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</p>	<p>AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).</p>

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 128 'Investments in Associates and Joint Ventures (2011)', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'

This Standard supersedes AASB 128 'Investments in Associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for sharebased payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may effect the accounting for future transactions and arrangements.

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)' 'Presentation of Financial Statements'	AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 119 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. Specific transitional provisions are applicable to first-time application of AASB 119 (as revised in 2011).
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AASB 127 'Separate Financial Statements (2011)', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	Amended version of AASB 127 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 'Consolidated and Separate Financial Statements'. Requirements for consolidated financial statements are now contained in AASB 10 'Consolidated Financial Statements'. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and joint ventures are accounted for either at cost, or in accordance with AASB 9 'Financial Instruments'. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.
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Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<u>Standard / Interpretation</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
AASB 9 'Financial Instruments', and the relevant amending standards ¹	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

<u>Standard / Interpretation</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015

2.3 Significant accounting policies

Statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Outback Stores Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the Board of Directors on 21 August 2014.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Basis of preparation

The financial statements have been prepared on the basis of historical cost except for certain non-current assets and financial instruments that are measured at fair value, as explained in the accounting policies below. Historical Cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. All amounts have been rounded to the nearest dollar.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either
- Level 3 inputs are unobservable inputs for the asset or liability.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Useful lives of property, plant and equipment

As described in note 2(1), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. No changes were made to the useful lives for existing assets.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at

- future increases in wage and salaries;
- future on cost rates; and
- experience of employee departures and period of service

The potential effect of a change in these assumptions is not expected to be material.

Intangible assets

Useful lives for trademarks are based on contractual life for trademark registrations. In determining the estimated useful lives for IT Software, management relies on guidance provided by the Australian Taxation Office. The potential effect of a change in these estimates is not expected to be material.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Inventories

Inventory set out in note 6B represents finished goods purchased for sale in the retail stores owned and managed by the Group and is calculated at the lower of cost and net realisable value as stated in note 2 (j). The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated cost to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold. The potential effect of a change in these assumptions is not expected to be material.

Economic dependency

The financial statements have been prepared on a going concern basis, however the existence of the company was historically highly dependent upon continued government grant funding.

Accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; but
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Refer to note 13 for related party disclosures.

There are no non-controlling interests for the Group to report on.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Cash and cash equivalents

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. The group did not have an overdraft during the financial period.

(c) Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(d) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss'(FVTPL), 'held to maturity' investments, 'available-for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced directly by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

(e) Financial liabilities and equity instruments issued by the Group

Classification of Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Movements in equity instruments in the Group during the reporting period are outlined in the statement of changes in equity and Note 10.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 17C.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount of initial recognition.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

(f) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors. Government grants are initially recognised as a liability.

Government grants are not recognised as income until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Other grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in of the period in which they become receivable.

(g) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(i) Intangible assets

Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IT Software

IT Software is recorded at cost less accumulated amortisation and impairment. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives are:

<u>Class of intangible asset</u>	<u>2014</u>	<u>2013</u>
Trademarks	10 years	10 years
IT software	3 years	2.5 years

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

(k) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

As lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 2(b). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

(l) Property, plant and equipment

Buildings represent portable housing and fixtures in remote communities and are stated at cost less accumulated depreciation and accounting impairment losses.

Depreciation on buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued buildings, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Furniture and fittings, containers, leasehold improvements, motor vehicles and components and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements and equipment under finance lease are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets acquired under \$1,000 are written off immediately for financial accounting purposes.

The following depreciation rates were used for each class of asset:

<u>Class of Property, Plant and Equipment</u>	<u>2014</u>	<u>2013</u>
Containers	20%	20%
Furniture and Fittings	20%	20%
Housing	10%	10%
IT Equipment	25% - 66.67%	25% - 66.67%
Capitalised leased assets	20% - 66.67%	20% - 66.67%
Leasehold improvements	2.50%	2.50%
Motor vehicles and components	20% - 33.33%	20% - 33.33%

(m) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The Group was not subject to an onerous contract during the reporting period.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 2: Summary of Significant Accounting Policies

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(n) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and the titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- management and accounting fees are recognised by reference to the management service contract which reflect the performance of contracted services.

Rental income:

The Group's policy for recognition from operating leases is described in note 2(k).

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are recognised in accordance with the accounting policy outline in note 2(f).

Rebate income

Rebate income from suppliers is recognised when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 3: Revenue

	Consolidated	
	2014	2013
	\$	\$
Revenue		
<u>Note 3A: Revenue from Government Grants</u>		
Grants from related entities:		
FaHCSIA - Food Grant	1,131,086	1,501,074
FaHCSIA - Food Security	2,296,162	1,312,196
FaHCSIA - Governance and Training	44,462	82,397
FaHCSIA - Community Support Grant	-	711
FaHCSIA - Pigeon Hole Bush Order	-	12,471
FaHCSIA - Other	50,000	81,677
Total revenue from Government Grants	3,521,710	2,990,526
<u>Note 3B: Sale of goods and rendering of services</u>		
Management fees	3,541,368	2,848,696
Sale of goods	1,113,156	1,026,302
Total sale of goods and rendering of services	4,654,524	3,874,998
<u>Note 3C: Interest income</u>		
Financial Institutions	28,708	48,476
Interest from Loans to Stores	12,899	17,326
Term Deposits	1,828,784	2,391,918
Total interest income	1,870,391	2,457,720
<u>Note 3D: Rental income</u>		
Operating lease:		
House	20,020	20,020
Total rental income	20,020	20,020
<u>Note 3E: Store recoveries and charges</u>		
Managers Services On-charged	5,697,100	4,377,264
Recoveries from Managed Stores	1,327,459	1,294,830
Total store recoveries and charges	7,024,559	5,672,094

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 3: Revenue

	<u>Consolidated</u>	
	2014	2013
	\$	\$
<u>Note 3F: Rebates</u>		
Rebates received	1,791,816	1,526,258
<i>Total other revenue</i>	1,791,816	1,526,258
<u>Note 3G: Other revenue</u>		
Commission received	6,695	4,357
Consultancy fees	300,618	222,214
Sundry income	1,011	203
Training government subsidy	178,975	119,668
<i>Total other revenue</i>	487,299	346,442

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 4: Expenses

	Consolidated	
	2014 \$	2013 \$
<u>Note 4A: Consulting expenditure</u>		
Consultancy fees	125,715	103,365
Legal fees	4,072	16,581
<i>Total consulting expenditure</i>	129,787	119,946
<u>Note 4B: Cost of goods sold</u>		
Purchases and direct cost	774,226	705,339
<u>Note 4C: Depreciation and amortisation</u>		
Amortisation of intangible assets	20,857	46,237
Depreciation of property, plant and equipment	858,724	685,759
<i>Total depreciation and amortisation</i>	879,581	731,996
<u>Note 4D: Employee benefit</u>		
Wages and salaries	9,768,317	7,952,425
Termination benefits	-	25,846
Travel and other allowances	135,237	123,890
Superannuation contributions - defined contribution plans	851,803	693,693
Staff incentive provision	11,282	9,223
Leave and other entitlements	140,149	182,350
<i>Total employee benefit</i>	10,906,788	8,987,427
<u>Note 4E: (Gain) / Loss on disposal of fixed assets</u>		
Gain on disposal of fixed assets	(126,160)	(95,566)
Loss on disposal of fixed assets	2,753	7,633
<i>Total net gain on disposal of fixed assets</i>	(123,407)	(87,933)

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 4: Expenses (Cont'd)

	Consolidated	
	2014	2013
	\$	\$
Note 4F: Rental expenses		
Operating lease rentals	219,628	238,670
Total rental expenses	219,628	238,670
Note 4G: Store grant expenditure		
Ali Curung - Mirnirri Aboriginal Corporation	86,866	21,204
Barunga - Barunga Community Store Indigenous Corporation - Ngan Jilngurru Store	83,682	60,899
Beagle Bay - Ngarlan Store Indigenous Corporation	274,249	-
Jigalong - Jigalong Community Enterprises Pty Ltd as trustee for Jigalong Community Unit Trust	41,114	-
Bulman - Gulin Gulin Community Store Aboriginal Corporation	105,250	104,561
Canteen Creek - Canteen Creek Store Nominees Pty Ltd as trustee for the Canteen Creek Store Charitable Trust	662	84,851
Engawala - Ntjamina General Store Aboriginal Corporation	60,612	18,687
Epenarra - Wetengerr Aboriginal Corporation	238,211	182,511
Imanpa - Imanpa General Store Anangu Aboriginal Corporation	175,638	177,010
Jilkminggan - Dungalan Aboriginal Corporation	28,921	119,010
Lagulalya - Lagulalya Aboriginal Corporation	34,844	-
Manyallaluk - Manyallaluk Store Aboriginal Corporation	152,088	217,251
Mimili - Mimili Maku Store Aboriginal Corporation	-	25,948
Mulan - Pinanyi Store Aboriginal Corporation	45,227	118,565
Nyirripi - Nyirripi Aboriginal Corporation	-	71,582
Pigeon Hole - Nitjpurru Aboriginal Corporation	157,124	148,474
Ringer Soak - Kundat Djaru Community Store Aboriginal Corporation	318,520	179,629
Titjikala - Titjikala Community Store Aboriginal Corporation	83,326	124,605
Santa Teresa - Santa Teresa Store Pty Ltd as Trustee for Santa Teresa Store Trust	371,500	17,920
Willowra - Wirliyarrayi Aboriginal Corporation	12,027	18,028
Yalata - Yalata Community Store Pty Ltd as trustee for the Yalata Community Store Trust	92,644	30,917
Yiyili - Yiyili Store Indigenous Corporation	132,209	261,358
Mt Liebig - Mt Liebig Community Store Aboriginal Corporation	706,508	260,093
Tjuntjuntjara - Paupiyala Tjarutja Aboriginal Corporation	224,026	272,856
Total store grant expenditure	3,425,248	2,515,959

Store grants represent non-recoverable cash advances and other underpinning to assist unviable remote community stores.

Note 4H: Administrative Expenditure

Travel and accommodation	364,046	362,152
Bad debts	1,499	295
Information technology	312,034	298,008
Recruitment costs	97,749	135,239
Insurance	366,240	337,635
Accountancy fees	51,310	30,110
Audit fees (Note 4J)	41,900	40,800
Motor vehicle	264,775	278,835
Fringe benefit and payroll tax	603,908	591,184
Training	97,643	78,494
Communication	106,428	113,246
Other expenses	507,848	510,118
Total Administrative expenditure	2,815,380	2,776,116

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 4: Expenses (Cont'd)

Consolidated	
2014	2013
\$	\$

Note 4I: Other grant (income) / expenditure

Expenditure of grants received from other entities:

Elliot Grant Funding	-	711
Food Security	2,000	6,010
Nutrition	44,462	82,397
Other	-	81,677
Total other grant (income) / expenditure	46,462	170,795

Note 4J: Auditors' remuneration

Amounts paid or payable in respect of the audit or review of the financial statements of the Group to:

The Australian National Audit Office	41,900	40,800
Total auditors' remuneration	41,900	40,800

No non-audit services were provided by the auditors.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 5: Income tax expense

Consolidated	
2014	2013
\$	\$

Note 5A: Income tax recognised in profit or loss

Tax expense comprises:

Current tax expense / (income) in respect of the current year	247,449	208,469
Current tax	247,449	208,469
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	(90,755)	11,792
Total income tax expense / (benefit)	156,694	220,261

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense / (benefit) in the financial statements as follows:

Profit before income tax	296,626	729,743
Income tax expense calculated at 30% (2013: 30%)	88,988	218,923
Effect of expenses that are not deductible in determining taxable profit	4,957	1,528
Effect of income that are deductible in determining taxable profit	(8,496)	-
Effect of unused tax losses not recognised as deferred tax asset	71,245	-
Difference	-	(190)
Income tax expense in statement of comprehensive income	156,694	220,261

The applicable weighted average effective tax rates are as follows: 30% 30%

The tax rate used in the above reconciliation is the corporate tax rate of 30 % payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Note 5B: Franking Credits

Opening balance	1,579,106	1,186,836
Tax paid	175,976	392,270
Closing balance	1,755,082	1,579,106

Note 5C: Current tax liabilities

Current tax liabilities

Income tax payable	207,506	208,469
	207,506	208,469

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 5: Income tax expense (Cont'd)

Note 5D: Deferred tax balances

Consolidated

Deferred tax assets / (liabilities) arise from the following:

2014	Opening balance \$	Charged to Income \$	Charged to Equity \$	Total \$
Temporary differences				
Allowance for impairment	7,310	-	-	7,310
Prepayments	(35,051)	16,971	-	(18,080)
Property, plant & equipment and Intangible assets	45,678	51,359	-	97,037
Other assets	3,163	1,301	-	4,464
Accrued expenses	8,440	(8,440)	-	-
Employee benefits	223,017	42,045	-	265,062
Provision for audit fees	12,840	(1,770)	-	11,070
Fringe benefit and payroll tax	15,505	(10,711)	-	4,794
	<u>280,902</u>	<u>90,755</u>	<u>-</u>	<u>371,657</u>

Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	<u>18,080</u>
	<u>18,080</u>
Deferred tax asset attributable to continuing operations	<u>389,737</u>
	<u>389,737</u>

2013	Opening balance \$	Charged to Income \$	Charged to Equity \$	Total \$
Temporary differences				
Allowance for impairment	7,310	-	-	7,310
Prepayments	(27,545)	(7,506)	-	(35,051)
Property, plant & equipment and Intangible assets	23,781	21,897	-	45,678
Other assets	4,744	(1,581)	-	3,163
Accrued expenses	27,238	(18,798)	-	8,440
Employee benefits	220,039	2,978	-	223,017
Provision for audit fees	12,600	240	-	12,840
Fringe benefit and payroll tax	24,527	(9,022)	-	15,505
	<u>292,694</u>	<u>(11,792)</u>	<u>-</u>	<u>280,902</u>

Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	<u>35,051</u>
	<u>35,051</u>
Deferred tax asset attributable to continuing operations	<u>315,953</u>
	<u>315,953</u>

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 6: Current Assets

	Consolidated	
	2014	2013
	\$	\$
Note 6A: Cash and cash equivalents		
Cash	1,382,383	1,672,882
Short term deposits	56,200,000	60,000,000
Total cash and cash equivalents	57,582,383	61,672,882
Note 6B: Inventories		
Finished goods at cost	128,571	120,111
	128,571	120,111

Inventories are purchased goods used in trading community stores that are owned and operated by the Group and are expected to be recovered within twelve months.

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$774,226 (2013: \$705,339).

Note 6C: Trade and other receivables

Trade receivables (i)		
Other	131,954	74,074
Rebates	458,339	306,093
Store debt	1,010,269	863,556
	1,600,562	1,243,723
Allowance for impairment of trade receivables	(24,401)	(24,531)
Total trade receivables	1,576,161	1,219,192
Other receivables		
Accrued interest	750,495	579,960
Bonds	17,546	18,586
Rebates accruals	102,000	43,225
Sundry receivables	142,523	197,180
Total other receivables	1,012,564	838,951
Total trade and other receivables	2,588,725	2,058,143

(i) No interest is charged on outstanding debtor balances. An allowance has been made for irrecoverable amounts determined from liquidity review of individual stores and management views. Debtor days is not viewed as an accurate measurement of impairment of receivables.

Net receivables are aged as follows:

Not overdue	2,330,410	2,017,381
Overdue:		
30 to 60 days	23,948	8,654
60 to 90 days	98,494	20,958
More than 90 days	135,873	11,150
Total trade and other receivables	2,588,725	2,058,143

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 6: Current Assets (cont'd)

	Consolidated	
	2014	2013
	\$	\$
<u>Movement in allowance for impairment of trade receivables</u>		
Balance at the beginning of the year	24,531	24,367
Impairment (decrease)/increase recognised on receivables	(130)	164
Balance at the end of the year	24,401	24,531

In determining the recoverability of receivables, management considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is high due to the nature of community stores and their dependency on government assistance. Amounts written off as uncollectible are recovered out of grant funding as store grants.

Ageing of impaired trade receivables

More than 90 days	24,401	24,531
Balance at the end of the year	24,401	24,531

Note 6D: Other financial assets

Current

Loans to other entities (i)	185,686	55,657
	185,686	55,657

Non-current

Loans to other entities (i)	138,613	177,261
	138,613	177,261
Total other financial assets	324,299	232,918

(i) Loans to other entities represents unsecured commercial loans to community stores under the terms of management agreements, repayable over the loan agreement period, being between 1 to 10 years. Interest is charged between 5 - 9%.

Note 6E: Other current assets

Prepayments	67,532	122,726
Total other current assets	67,532	122,726

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 7: Property, Plant and Equipment

Consolidated

	Housing at cost \$	Containers at cost \$	Furniture and fittings at cost \$	Leasehold Improvements at cost \$	Motor Vehicle and components at cost \$	IT Equipment at cost \$	Total \$
As at 1 July 2013							
Gross book value	1,950,045	114,710	329,377	132,106	2,387,451	3,034,966	7,948,655
Accumulated depreciation/amortisation and impairment	(463,653)	(99,138)	(227,523)	(123,764)	(1,886,383)	(2,513,576)	(5,314,037)
Net book value 1 July 2013	1,486,392	15,572	101,854	8,342	501,068	521,390	2,634,618
Additions	174,787	2,000	105,603	4,452	336,248	801,919	1,425,009
Depreciation	(119,292)	(11,725)	(36,734)	(7,379)	(319,802)	(363,792)	(858,724)
Disposals	-	(2,554)	(2,755)	-	-	-	(5,309)
Net book value 30 June 2014	1,541,887	3,293	167,968	5,415	517,514	959,517	3,195,594
Net book value as of 30 June 2014 represented by:							
Gross book value	2,124,832	85,274	427,016	136,558	2,195,022	3,835,802	8,804,504
Accumulated depreciation/amortisation and impairment	(582,945)	(81,981)	(259,048)	(131,143)	(1,677,508)	(2,876,285)	(5,608,910)
	1,541,887	3,293	167,968	5,415	517,514	959,517	3,195,594
As at 1 July 2012							
Gross book value	1,949,405	114,710	282,368	128,706	2,008,681	2,631,035	7,114,905
Accumulated depreciation/amortisation and impairment	(347,643)	(80,605)	(194,813)	(113,615)	(1,671,370)	(2,220,233)	(4,628,279)
Net book value 1 July 2012	1,601,762	34,105	87,555	15,091	337,311	410,802	2,486,626
Additions	640	-	54,642	3,400	379,132	403,931	841,745
Depreciation	(116,010)	(18,533)	(32,710)	(10,149)	(215,014)	(293,343)	(685,759)
Disposals	-	-	(7,633)	-	(361)	-	(7,994)
Net book value 30 June 2013	1,486,392	15,572	101,854	8,342	501,068	521,390	2,634,618
Net book value as of 30 June 2013 represented by:							
Gross book value	1,950,045	114,710	329,377	132,106	2,387,451	3,034,966	7,948,655
Accumulated depreciation/amortisation and impairment	(463,653)	(99,138)	(227,523)	(123,764)	(1,886,383)	(2,513,576)	(5,314,037)
	1,486,392	15,572	101,854	8,342	501,068	521,390	2,634,618

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 8: Intangible Assets

Consolidated

	Trademarks	IT Software	Total
	\$	\$	\$
As at 1 July 2013			
Gross book value	16,177	348,700	364,877
Accumulated amortisation and impairment	(10,309)	(343,741)	(354,050)
Net book value 1 July 2013	5,868	4,959	10,827
Additions	-	42,869	42,869
Amortisation	(1,618)	(19,239)	(20,857)
Net book value 30 June 2014	4,250	28,589	32,839
Net book value as of 30 June 2014 represented by:			
Gross book value	16,177	391,569	407,746
Accumulated amortisation and impairment	(11,927)	(362,980)	(374,907)
	4,250	28,589	32,839
As at 1 July 2012			
Gross book value	16,177	314,329	330,506
Accumulated amortisation and impairment	(8,692)	(299,121)	(307,813)
Net book value 1 July 2012	7,485	15,208	22,693
Additions	-	34,371	34,371
Amortisation	(1,617)	(44,620)	(46,237)
Net book value 30 June 2013	5,868	4,959	10,827
Net book value as of 30 June 2013 represented by:			
Gross book value	16,177	348,700	364,877
Accumulated amortisation and impairment	(10,309)	(343,741)	(354,050)
	5,868	4,959	10,827

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 9: Current Liabilities

	Consolidated	
	2014	2013
	\$	\$
Note 9A: Trade and other payables		
Trade creditors	407,544	306,333
Goods and services tax payable	226,266	166,809
Accrued expenses	143,457	122,196
PAYG withholding tax	88,386	66,632
Total trade and other payables	865,653	661,970

Settlement of trade creditors is net 30 days.

Note 9B: Grants

Unexpended grants - Parent entity		
IBA - Northern Territory Emergency Relief Funding (NTER)	10,294,211	11,425,297
FAHCSIA Food Grant	10,319,478	12,378,717
Unexpended grants - Other		
Nutritional and minor Grant Funding	80,542	80,359
Governance and Training Grant Funding	-	45,309
Total grants	20,694,231	23,929,682

Grants liabilities are represented by:

Current	20,694,231	23,929,682
Total grants	20,694,231	23,929,682

Note 9C: Provisions

Current

Employee benefits	573,863	513,559
Audit fees	36,900	42,800
Fringe benefit and payroll tax	84,057	113,097
Total current provisions	694,820	669,456

Non-current

Employee benefits (i)	309,676	229,832
Total provisions	1,004,496	899,288

(i) The non-current employee benefits are represented by the employee entitlements not expected to be taken within 12 months, being \$ 309,676 long service leave, (2013: \$229,832 long service leave).

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 9: Current Liabilities (Cont'd)

Note 9C: Provision movements

Consolidated

2014

Balance at 1 July 2013
Increase / (decrease) in provisions recognised

Fringe benefit payable
Balance as at 30 June 2014

Disclosed in the financial statements as:

Current provisions
Non Current provision

	Employee Benefits \$	Audit fees \$	Fringe benefit and payroll tax \$
Balance at 1 July 2013	743,391	42,800	113,097
Increase / (decrease) in provisions recognised	140,148	(5,900)	(29,040)
	883,539	36,900	84,057
Fringe benefit payable Balance as at 30 June 2014	883,539	36,900	84,057
Disclosed in the financial statements as:			
Current provisions	573,863	36,900	84,057
Non Current provision	309,676	-	-
	883,539	36,900	84,057

Note 9D: Borrowings

Unsecured - at amortised cost

Current

Corporate credit cards (i)

	-	53,936
	-	53,936

(i) Corporate credit cards were provided to management personnel for use of corporate expenses and are repayable within 14 days of being incurred.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 10: Issued Capital

	<u>Consolidated</u>	
	2014	2013
	\$	\$
Authorised and issued shares:		
40,000,001 fully paid ordinary share (2013: 40,000,001 fully paid ordinary share)	(40,000,001)	40,000,001

Note 11: Leases

Operating leases

Lessee arrangements

Operating leases relate to business premises with lease terms of between 1 to 6 years and residential facilities for temporary accommodation options. The lease terms include options to extend lease periods of between 1 and 2 years and escalation clauses that provide for rental increases based on CPI review. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Non-cancellable operating lease commitments

No later than one year	171,228	204,877
Later than 1 year and not later than 5 years.	-	165,411
	<u>171,228</u>	<u>370,288</u>

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 12: Cash flow reconciliation

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in term deposits. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2014	2013
	\$	\$
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents	57,582,383	61,672,882
Total cash and cash equivalents	57,582,383	61,672,882
(b) Reconciliation of profit / (loss) to cash flows from operating activities		
Profit / (loss) for the year	139,932	509,482
<u>Items reclassified as investing activities:</u>		
Interest received	(1,870,391)	(2,457,720)
Underpinning of stores	3,471,710	2,686,754
<u>Non cash transactions</u>		
Depreciation and amortisation	879,581	731,996
Net gain on disposal of fixed assets	(123,407)	(87,933)
<u>Changes in net assets and liabilities:</u>		
<u>(Increase) / decrease in assets:</u>		
Trade and other receivables	(360,057)	(270,476)
Inventories	(8,460)	(4,252)
Other current assets	55,195	(26,054)
Deferred tax assets	(73,784)	4,286
<u>Increase / (decrease) in liabilities:</u>		
Trade and other payables	203,683	(264,583)
Grants	(3,235,451)	(2,274,644)
Current tax liabilities	(963)	(330,725)
Deferred tax liabilities	(16,971)	7,506
Provisions	105,208	42,066
Net cash generated or (used in) operating activities	(834,176)	(1,734,297)

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 13: Related Party Disclosures

Parent and Ultimate Parent Entity

The immediate parent and ultimate controlling party of the Group is the Department of The Prime Minister and Cabinet, on behalf of the Commonwealth of Australia.

Balances and transactions between the company and its subsidiary, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Relationship

Ti - Tree is a subsidiary of Outback Stores Pty Ltd. Tennent Creek Foodbarn Partnership is partly owned by Indigenous Business Australia. The Commonwealth is the sole shareholder of Outback Stores Pty Ltd and Indigenous Business Australia is a Commonwealth Statutory Authority.

Transactions with Key Management Personnel

No transactions were entered into with key management personnel, other than that under their employment arrangements.

Relationship

Mr. A.R. King is CEO of The Arnhem Land Progress Aboriginal Corporation (ALPA) and has been on the Board of Outback Stores since the inception. This is the first year where transactions between Outback Stores and ALPA has been disclosed.

Terms and conditions

In March 2009 Outback Stores entered into an agreement with ALPA for IT helpdesk Services. A 3 year agreement was signed on 1 August 2009. In August 2012, Outback Stores negotiated a 3 year extension to the contract.

The Point of Sale (POS) systems in Outback Stores are exclusively supplied by Worldsmart. As ALPA is the sole Worldsmart agent in the NT, this equipment is invoiced through ALPA and payment is made to ALPA.

ALPA also supplies some associated training and installation services to Outback Stores.

Majority of the Point of sale systems are owned by Outback Stores and rented to stores managed by Outback Stores.

Trading transactions between Outback Stores and ALPA

The following trading transactions were recognised during the financial year:

	Company		
	2014	2013	2009-2012
	\$	\$	\$
IT expenses	206,637	200,833	595,000
Advertising and Promotion	2,000	-	-
Motor vehicle expenses	-	252	-
Recoveries for managed stores	-	886	-
Consulting expenses	14,567	4,000	9,200
Training expenses	4,000	6,880	6,171
Accommodation	-	-	274
Airfares	-	-	1,037
Casual Agency Staff	-	-	27,343
Conference Expenses	-	-	327
Entertainment	-	-	1,940
IT Support and Maintenance	-	-	7,925
Subscriptions & Memberships	-	-	502
Printing, Postage & Stationery	-	-	45

The following balances were outstanding at the end of the reporting period in relation to trading and other transactions:

	Company	
	2014	2013
	\$	\$
Amounts owing to ALPA	19,776	-

The above amounts were invoiced as at 30 June 2014 with trading term of 30 days.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 14: Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	907,821	834,763
Termination benefits	-	25,846
Total	907,821	860,609

Details of key management personnel:

The directors and other members of key management personnel of the Group during the year were:

Mr. S. Moore	Chief Executive Officer (appointed 29 June 2011)
Mr. J. Quill	Operations Manager (appointed 27 February 2013)
Ms. L. Dutton	Chief Financial Officer (appointed 1 March 2009)
Mr. A.R. King	Director (appointed 17 August 2009)
Mr. R.E. Hudson	Director (appointed 24 July 2008)
Mr. S. Bradley	Chairman (appointed 31 July 2007)
Mr. A. Robinson	Director (appointed 20 September 2012)
Prof. K. O'Dea	Director (appointed 15 July 2010)
Ms. N. Short	Director (appointed 26 June 2013)

Note 15: Subsequent Events

There were no events subsequent to balance date that required reporting.

Note 16: Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets at balance date that required reporting.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 17: Financial Instruments

	Consolidated	
	2014	2013
	\$	\$
17A Categories of financial instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	57,582,383	61,672,882
Trade and other receivables	2,588,725	2,058,143
Other financial assets - loans	324,299	232,918
Carrying amount of financial assets	60,495,407	63,963,943
Financial Liabilities		
Other financial liabilities:		
Trade and other payables	865,653	661,970
Grants	20,694,231	23,929,682
Borrowings	-	53,936
Carrying amount of financial liabilities	21,559,884	24,645,588

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 17: Financial Instruments (Cont'd)

17B Financial risk management objectives

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while meeting its social responsibility for food security through the optimisation of debt and grant funding.

The capital structure of the Group consists of issued share capital and retained earnings as disclosed in the statement of changes in equity.

The Group is not subject to externally imposed capital requirements. Operating cash flows are used to operate and expand the Group's operations as well as to make routine outflows of tax.

The nature of services provided contribute to the high liquidity risk underlying the financial instruments. The Group is dependent on ongoing government support to provide food security and quality stores within remote communities.

Financial risk management objectives

The Group has a formalised risk management processes in place. A risk register is kept updated for all risks identified for the Group. It lends money to stores that it manages on approval from the Stores Assessment Committee, which is a sub committee of the board of directors. Loans are provided at a discounted rate of interest.

The Store Assessment Committee's purpose is to review the viability of new stores proposed for management agreements to evaluate required establishment and support funds. This committee assists in mitigating liquidity risk prior to entering into a new contract. In some instances the stores are unable to repay the loans and these amounts are then funded from grant income received from the Group's immediate parent and ultimate parent entity.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 9D and unexpended grant funding in note 9B.

Market Risk

The Group has exposure to interest rate risk and no foreign currency risk. The Group has a treasury function policy and interest rate risks are managed by investing in short term interest bearing deposits, and lending to stores varied maturity periods. Periods include up to ten years and are provided to stores at a discounted rate of interest.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Value at Risk (VaR) analysis

The Group does not prepare a sensitivity analysis.

Foreign currency risk management

The Group has minimum foreign exchange exposure and does not manage any implicit risk.

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group only deals with stores that it manages, related parties, funding bodies or credit worthy counter parties such as Metcash and Arnhem Land Progress Aboriginal Corporation (ALPA). Metcash supply inventory to the Outback Store Group. ALPA supply the Group with relief managers as required, provide IT service desk support and provide assistance with grocery manager. It therefore is in a position to ensure that it minimises its exposure to credit risk.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 17: Financial Instruments (Cont'd)

Interest rate risk management

The Group is exposed to interest rate risk from term deposits and loans provided to remote community stores. Currently there is a treasury function policy and interest rate risk is managed by investing in short term interest bearing deposits and lending to stores over the period of agreed management contracts. Term deposits and trading accounts are held in pre-approved financial institutions only.

The following tables illustrates the maturities for interest bearing financial assets subject to interest rate risk.

Consolidation

	Weighted Average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$	Total \$
2014							
Short term deposits (fixed interest rate)	3.69%	12,500,000	23,000,000	20,700,000	-	-	56,200,000
Other cash & cash equivalents (variable interest)	2.40%	-	-	1,382,383	-	-	1,382,383
Store loans (fixed interest rate)	5.92%	-	-	185,686	138,613	-	324,299
		12,500,000	23,000,000	22,268,069	138,613	-	57,906,682
2013							
Short term deposits (fixed interest rate)	4.18%	23,700,000	13,300,000	23,000,000	-	-	60,000,000
Other cash & cash equivalents (variable interest)	2.65%	-	-	1,672,882	-	-	1,672,882
Store loans (fixed interest rate)	6.53%	-	-	55,658	173,036	4,225	232,919
		23,700,000	13,300,000	24,728,540	173,036	4,225	61,905,801

Liquidity risk management

Ultimate responsibility for liquidity risk management exists with the board of directors.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities (term deposits) to meet forecast cash flows taking into account maturity profiles of financial assets and liabilities.

The following tables illustrates the maturities for financial liabilities attributable to liquidity risk. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Outback Stores Pty Ltd and Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

Note 17: Financial Instruments (Cont'd)

Consolidation

	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$	\$	\$	\$	\$	\$	\$
2014							
Trade and other payables	-	-	865,653	-	-	-	865,653
Grants	-	-	-	20,694,231	-	-	20,694,231
Corporate cards	-	-	-	-	-	-	-
			865,653	20,694,231	-	-	21,559,884
2013							
Trade and other payables	-	-	661,970	-	-	-	661,970
Grants	-	-	-	23,929,682	-	-	23,929,682
Corporate cards	-	53,936	-	-	-	-	53,936
		53,936	661,970	23,929,682	-	-	24,645,588

17C Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Unless where otherwise stated, the directors consider the financial assets and financial liability carrying amount to also be its fair value.

Fair value hierarchy as at 30/06/2014

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Loans and receivables:				
- Trade and other receivables	-	-	2,588,725	2,588,725
Total	-	-	2,588,725	2,588,725
Financial liabilities				
Financial liabilities held at amortised cost:				
- Grants	-	-	20,694,231	20,694,231
- Trade and other payables	-	-	865,653	865,653
Total	-	-	21,559,884	21,559,884

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Level 3 inputs are unobservable inputs for the asset and liability.

Note 18: Parent Entity Disclosures

Financial position

Company	
2014	2013
\$	\$

Assets:

Current assets	60,539,853	64,225,493
Non-current assets	3,397,206	2,340,731
Total assets	63,937,059	66,566,224

Liabilities

Current liabilities	22,370,007	25,372,666
Non-current Liabilities	326,747	263,783
Total liabilities	22,696,754	25,636,449

Equity

Issued capital	40,000,001	40,000,001
Retained earnings	1,240,304	929,774
Total equity	41,240,305	40,929,775

Comprehensive income

Year ended	Year ended
2014	2013
\$	\$

Profit for the year	346,663	433,550
Total comprehensive income	346,663	433,550

Index of annual report requirements

Compliance Index of *Commonwealth Authorities and Companies Act 1997* (CAC Act) requirements for Commonwealth Companies

Requirement:	Reference:	Page (s)
Approval by Directors	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 5	3
Details of exemptions granted by Finance Minister in regard to reporting requirements	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 6	30
Responsible Minister	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 9	26
Ministerial Directions	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 10	30
General Policy Orders	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 10	30
Freedom of Information	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 10	30
Occupational Health and Safety	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 10	31
Ecologically sustainable development and environmental performance	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 10	32
Directors	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 11	27
Statement on governance	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 12	26
Board Committees	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 12	28-29
Organisational structure (including subsidiaries)	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 12	10-11
Related entity transactions	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 13	31,76
Key activities and changes affecting the company	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 14	30
Significant judicial or administrative tribunal decisions	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 15	30
Obtaining information from subsidiaries	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 16	11
Disclosure requirements for Government Business Enterprises	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 17	30
Index of annual report requirements	Commonwealth Companies (Annual Reporting) Orders 2011, Clause 18	83



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