Greening Australia Limited and Controlled Entities

ABN 40 002 963 788

Annual Report - 30 June 2019

Greening Australia Limited and Controlled Entities
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Greening Australia Limited and Controlled Entities (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of Greening Australia Limited and Controlled Entities during the whole of the financial year and up to the date of this report, unless otherwise stated:

Gordon Davis
James Atkins
Arianne Rose
Robert Smith
Julie Green
Charl Pienaar
John Hope

Information on directors

Name:	Gordon Davis
Title:	Director
Qualifications:	BSc (Hons) Forest Science, Masters Science, MBA
Experience and expertise:	Chair of Greening Australia Ltd Nov 2014 to date. Gordon Davis has an honours degree in Forest Science from the University of Melbourne, and a masters degree from the University of Tasmania. He spent 10 years with the Tasmanian Forestry Commission in field and management roles. He then completed an MBA at the Melbourne Business School in 1990, before working with the then leader of the opposition, John Hewson, as a policy advisor. Gordon joined ICI Australia (now Orica Limited) in 1993, as Manager of Corporate Affairs, with responsibility for external communication and government relations. In 2003 he was appointed to run Orica Explosives global accounts, before taking over management of the $1B turnover Orica Explosives Australia/Asia business. In 2006 Gordon was appointed CEO of AWB Limited where he reformed the constitution and structure, initiating a major restructure and recapitalisation of the balance sheet. Gordon was Chair of VicForests from October 2011 to April 2016. He was appointed to non-executive directorships with NuFarm Limited in May 2011, Healius Limited in August 2015 and Midway Limited in May 2016. He has also served on the Advisory Board of The Nature Conservancy from 2013 to 2018.
Name:	James Atkins
Title:	Director
Qualifications:	BArts, BCommerce, Fellow of the Australian Institute of Company Directors
Experience and expertise:	James Atkins is an experienced business advisor, marketing strategist and company director. He has over 30 years' experience working at a senior level in the retail, financial services and energy sectors. In addition to being Deputy Chair of Greening Australia he is currently Chair of BIG4 Holiday Parks, and a non-executive director of Connective Group and Circus Oz. James is also a director of Vantage Strategy, a strategic consulting firm that provides business advisory services to commercial, government and NFP organisations. He is a Fellow of the AICD and graduate of their Company Directors course.

Name:	Arianne Rose
Title:	BSc/LLB, Fellow of the Australian Institute of Company Directors
Experience and expertise:	Arianne is a commercial lawyer who practised in both the private and the public sectors, in financial services, agribusiness, commercial and property law. Arianne has private and public sector board and executive management experience in highly regulated sectors particularly in industries where public policy considerations and legislative and regulatory frameworks directly shape the operating environment. She has worked in a wide range of complex industries with a strong skill set in corporate governance and risk management. Arianne is also a graduate of the Australian Institute of Company Directors. Arianne is the Chair of the Alpine Resorts Co-ordinating Council, a government agency that focuses on the strategic direction and sustainable growth for Victoria's alpine resorts, a non-executive director of the Architects Registration Board of Victoria, regulating architects and accreditation of architecture courses. Previously, she was a non-executive director of Melbourne Polytechnic, a TAFE and higher education institute (2015-2018), and the Company Secretary and General Counsel, VicTrack (2010-2014), a Victorian Public Sector transport agency that is the custodian of Victoria's railway assets.
Name:	Robert Smith
Title:	Director
Qualifications:	MBA, PhD, MSc and BSc (Forestry)(Hon1)
Experience and expertise:	Bob is an experienced manager and adviser in the sustainable management, conservation and profitable use of natural resources to support livelihoods and wellbeing in communities. Bob's current roles include Director Greening Australia Ltd.; Chair North Coast (NSW) Local Land Services (LLS) and Director State Board (LLS); Chair Audit and Risk Committee, ICAC (NSW); and Board member Forest Investment Trust. Bob's previous roles included Director First Super P/L, Assistant Commissioner Land and Environment (NSW) and director VicForests, Forest Products Commission (WA) and Forestry Tasmania. Bob has worked at international level (including participation as nongovernment representative in UNFCCC forums), national levels (including Ministerial Councils for forestry, natural resources and agriculture and the Murray Darling Basin Commission), state levels (senior executive roles in government agencies in Victoria and NSW) in evaluating, developing and delivering natural resource programs. Bob has applied his expertise to improving the livelihood of communities in Indonesia, Papua New Guinea, Solomon Islands and indigenous communities in Northern Australia.
Name:	Julie Green
Title:	Director
Qualifications:	Fellow Chartered Accountant in Australia and England & Wales, Fellow of Australian Institute of Company Directors, Fellow of Leadership Victoria
Experience and expertise:	Julie is a non-executive director of RACV, RACV Finance, Loddon Mallee Waste & Resource Recovery, Greening Australia, Maldon Hospital and Bendigo Health. Also formerly, a large regional aged care service provider, Shepparton Villages. Julie is also a business consultant in strategy, governance and change management. This follows a successful executive career in infrastructure, transport, utilities and healthcare, delivering major change agendas in the public and private sectors. Alongside this professional career, Julie has been an advisor to Not For Profit entities over the last 20 years and is a mentor to emerging leaders with Leadership Victoria. She is passionate about regional Victoria and currently lives in Maldon Victoria.

Name:	Charl Pienaar
Title:	Director
Qualifications:	Bachelor of Commerce, Bachelor of Commerce (Honours), Master of Commerce (Economics)
Experience and expertise:	Prior to joining the Board in 2017, Charl worked with Greening Australia for many years in various voluntary capacities, including serving on the Board of Greening Australia NSW. With a background in economics, he started his career as a management consultant before moving into investment management roles with the Australian Industry Development Corporation, Lend Lease Corporation and MLC Limited in the private equity, infrastructure and alternative asset sectors. He was responsible for establishing and managing MLC's significant international private equity programme and also managed its infrastructure investments in Asia. He currently serves as a non-executive Director and Member on the Board and Investment Committees of New Forests, an international investment management firm focused on sustainable forestry and associated environmental markets (carbon and mitigation banking) in Australia, New Zealand, S.E. Asia and the USA.

Name:	John Hope
Title:	Director
Qualifications:	Bachelor of Commerce and Master of Business Administration (Melbourne University), Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Financial Services Institute of Australia, Graduate Member of the Australian Institute of Company Directors
Experience and expertise:	John brings professional services leadership and corporate finance experience gained working in Australia and in Asia. John is currently pursuing personal interests involving farming and the environment. John retired from EY on 31 March 2017, after over 30 years with the firm. For the six years to 30 June 2016, John was based in Hong Kong as the Asia-Pacific Managing Partner of Transaction Advisory Services, responsible for all aspects of the business including servicing clients and recruiting and developing people across 20 countries, including Australia. Post EY John spent 18 months with Kidder Williams Limited, who provide corporate advisory and investment banking services to private and ASX-listed companies, with a focus on the Australian agriculture, forestry, food and beverage sectors.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Gordon Davis	4	4
James Atkins	3	4
Arianne Rose	3	4
Robert Smith	4	4
Julie Green	4	4
Charl Pienaar	4	4
John Hope	4	4

Held: represents the number of meetings held during the time the director held office.

Principal Activities
The principal activities during the year were to tackle critical issues like salinity, declining water quality, soil degradation, climate change and biodiversity loss through an innovative blend of practical experience, science and community engagement. We are dedicated to protecting our heritage, its biodiversity and natural resources.

Company Objectives
The company's short and long-term objectives are:

- to conserve and restore landscapes at scale through collaborative, science-based and innovative conservation programs

Company Strategies
To achieve the objectives, the company has adopted the following strategies:

- providing industry leadership
- being proudly community-owned and science led
- offering professional services with a real environmental impact
- embracing the cultural and traditional values and perspectives of all landholders and stakeholders
- engaging a culturally rich and diverse workforce that seeks and accepts challenge
- acting courageously and sharing our and other's achievements

2019 Highlights
In 2019, we have continued our path to meeting our objectives and the execution strategies centred around five national programs. We have continued to make to scale with a focus on efficiency, effectiveness, the highest levels of accountability and by converting complexity into simplicity.

We are well-positioned against our Three Year Strategic Plan; the benefits have started to materialise in our safety culture performance, ERP system Dynamics NAV and growing our brand.

During the financial year Greening Australia undertook a restructure to transfer the operations of some of it's state entities to Greening Australia Ltd (the parent entity). The restructure was undertaken to improve processes and to optimise Greening Australia's long term business performance and maximise resources to better enable the achievement of goals. This restructure has not impacted the financial performance or position of the consolidated entity.

The year in review document provides a more expansive summary of the highlights and activities.

Contributions on winding up
Limited liability of members
For so long as a person or Corporate Entity is a member and for one year after they cease to be a member, each member undertakes to contribute to the assets of the Company up to an amount not exceeding one dollar ($1.00) for payments of the debts and liabilities of the Company (including the costs of winding up) if it is wound up.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under subdivision 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this directors' report.

Greening Australia Limited and Controlled Entities
Directors' report
30 June 2019

This report is made in accordance with a resolution of directors

On behalf of the directors

Gordon Davis

30 October 2019

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Greening Australia Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Greening Australia Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B A Mackenzie
Partner - Audit & Assurance

Melbourne, 30 October 2019

Greening Australia Limited and Controlled Entities
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General information

The financial statements cover Greening Australia Limited and Controlled Entities as a consolidated entity consisting of Greening Australia Limited and Controlled Entities and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Greening Australia Limited and Controlled Entities functional and presentation currency.

Greening Australia Limited and Controlled Entities is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 October 2019.

Greening Australia Limited and Controlled Entities
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Revenue			
Consultancy services		1,925	492
On-ground works and revegetation		23,175	19,740
Sale of seeds and plants		3,605	2,727
Sale of publications and merchandise		35	26
Training and education		477	1,005
Carbon sales		161	98
Membership income		11	11
Fundraising income		2,270	2,754
		31,659	26,853
Less: Direct expenses		(13,635)	(10,329)
Gross profit		18,024	16,524
Other income	3	526	780
Expenses			
Rent and rates		(641)	(663)
Depreciation expense		(744)	(681)
Employment related expenses		(13,898)	(14,024)
Operational and administrative expenses	4	(2,128)	(1,688)
Finance costs		(50)	(71)
Fair value loss on biological assets	13	-	(358)
Total operating expenses		(17,461)	(17,485)
Surplus/(deficit) before income tax expense		1,089	(181)
Income tax expense		(125)	(119)
Surplus/(deficit) after income tax expense for the year		964	(300)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	310
Other comprehensive income for the year, net of tax		-	310
Total comprehensive income for the year		964	10
Surplus/(deficit) for the year is attributable to:			
Non-controlling interest		(38)	(251)
Members of Greening Australia Limited and Controlled Entities		1,002	(49)
		964	(300)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(38)	(251)
Members of Greening Australia Limited and Controlled Entities		1,002	261
		964	10

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Greening Australia Limited and Controlled Entities
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	5	8,044	17,319
Trade and other receivables	6	6,319	3,902
Inventories	7	1,978	1,668
Biological assets	8	317	356
Financial assets	9	15,988	4,640
Total current assets		32,646	27,885
Non-current assets			
Property, plant and equipment	10	4,673	7,058
Intangible assets	11	327	334
Other assets	12	420	455
Biological assets	13	59	59
Total non-current assets		5,479	7,906
Total assets		38,125	35,791
Liabilities			
Current liabilities			
Trade and other payables	14	5,574	3,282
Financial liabilities	15	8	91
Income tax	16	26	66
Provisions	17	1,675	1,789
Other liabilities	18	16,335	16,644
Total current liabilities		23,618	21,872
Non-current liabilities			
Financial liabilities	19	88	464
Provisions	20	187	187
Total non-current liabilities		275	651
Total liabilities		23,893	22,523
Net assets		14,232	13,268
Equity			
Reserves	21	1,464	2,695
Retained surpluses		12,621	10,388
Equity attributable to the members of Greening Australia Limited and Controlled Entities		14,085	13,083
Non-controlling interest	22	147	185
Total equity		14,232	13,268

The above statement of financial position should be read in conjunction with the accompanying notes

Greening Australia Limited and Controlled Entities
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2017	2,385	10,437	436	13,258
Deficit after income tax expense for the year	-	(49)	(251)	(300)
Other comprehensive income for the year, net of tax	310	-	-	310
Total comprehensive income for the year	310	(49)	(251)	10
Balance at 30 June 2018	2,695	10,388	185	13,268

Consolidated	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2018	2,695	10,388	185	13,268
Surplus/(deficit) after income tax expense for the year	-	1,002	(38)	964
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	1,002	(38)	964
Transactions with members in their capacity as members:				
Transfer revaluation increments upon sale of property to retained earnings	(1,231)	1,231	-	-
Balance at 30 June 2019	1,464	12,621	147	14,232

The above statement of changes in equity should be read in conjunction with the accompanying notes

Greening Australia Limited and Controlled Entities
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		29,252	27,080
Payments to suppliers and employees		(28,385)	(27,293)
		867	(213)
Interest received		161	151
Income tax paid		(165)	(153)
Interest and other finance costs paid		(50)	(71)
Net cash from/(used in) operating activities		813	(286)
Cash flows from investing activities			
Payments for property, plant and equipment		(672)	(1,493)
Payments for financial assets		(11,348)	(1,489)
Proceeds from disposal of property, plant and equipment		2,391	15
Net cash used in investing activities		(9,629)	(2,967)
Cash flows from financing activities			
Proceeds/(repayment) of borrowings		(459)	405
Net cash from/(used in) financing activities		(459)	405
Net decrease in cash and cash equivalents		(9,275)	(2,848)
Cash and cash equivalents at the beginning of the financial year		17,319	20,167
Cash and cash equivalents at the end of the financial year	5	8,044	17,319

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Greening Australia Limited and Controlled Entities ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Greening Australia Limited and Controlled Entities and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Note 1. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
As the consolidated entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

One subsidiary (Nindethana Seed Services Pty Ltd) is not a registered charity and hence the income tax included in the consolidated results relates to this income tax incurred by this entity for the financial year.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Shares received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Note 1. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment
Land and buildings are carried at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Carbon credits
A controlled entity has interests in carbon credits. Carbon credits are carried at their fair value determined by management based on the net present value of the expected future cashflows discounted at a risk-adjusted rate.
Net increments or decrements in the fair value less cost to sell of carbon credits are recognised as income or expense in the profit and loss.

Biological assets
Biological assets are measured at their fair value less estimated point of sale costs.

A controlled entity has interests in sandalwood plantations (the biological assets). An external independent valuer has valued the biological assets. The fair value is determined based on the net present value of the expected future cashflows discounted at a risk-adjusted rate.
Net increments or decrements in the fair value less cost to sell of sandalwood are recognised as income or expense in the profit and loss determined as the difference between the fair value at the beginning of the period and the fair value at the reporting date.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement
Management uses external valuations to determine the fair value of property (where active market quotes are not available) and biological assets. This involves the valuer making estimates and assumptions consistent with how market participants would price the assets. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Other income

	Consolidated	
	2019 **$'000**	**2018** **$'000**
Net fair value gain on carbon credits	-	170
Interest income	161	230
Gain on sale of assets	46	97
Other income	319	283
Other income	526	780

Note 4. Operational and administrative expenses

	Consolidated	
	2019	2018
	$'000	$'000
Computer maintenance and consumables	7	12
Legal fees	17	10
Insurance	162	164
Telephone and internet	353	405
Other expenses	1,589	1,097
	2,128	1,688

Note 5. Current assets - Cash and cash equivalents

	Consolidated	
	2019	2018
	$'000	$'000
Cash on hand	7	3
Cash at bank	8,037	17,316
	8,044	17,319

Note 6. Current assets - Trade and other receivables

	Consolidated	
	2019	2018
	$'000	$'000
Trade receivables	4,817	3,148
Less: Allowance for expected credit losses	(258)	(414)
	4,559	2,734
Work in progress	1,333	892
Other receivables	206	24
Prepayments and deposits	209	152
Interest receivable	12	100
	6,319	3,902

Note 7. Current assets - Inventories

	Consolidated	
	2019	2018
	$'000	$'000
Merchandise, packaging and planting supplies	64	152
Seed stock	1,914	1,516
	1,978	1,668

Note 8. Current assets - Biological assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Plant stock	317	356

Note 9. Current assets - Financial assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Short term bank deposits	15,988	4,640

Note 10. Non-current assets - Property, plant and equipment

	Consolidated 2019 $'000	Consolidated 2018 $'000
Land and buildings - at revaluation	3,632	5,850
Less: Accumulated depreciation	(1,051)	(1,013)
	2,581	4,837
Leasehold improvements - at cost	763	798
Less: Accumulated depreciation	(293)	(316)
	470	482
Plant and equipment - at cost	2,021	1,849
Less: Accumulated depreciation	(1,504)	(1,521)
	517	328
Furniture, fixtures and fittings - at cost	132	249
Less: Accumulated depreciation	(126)	(238)
	6	11
Motor vehicles - at cost	3,216	3,226
Less: Accumulated depreciation	(2,771)	(2,533)
	445	693
Computer equipment - at cost	1,789	1,662
Less: Accumulated depreciation	(1,142)	(965)
	647	697
Office equipment - at cost	112	115
Less: Accumulated depreciation	(105)	(105)
	7	10
	4,673	7,058

Note 10. Non-current assets - Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Furniture, Fixtures and Fittings $'000	Motor Vehicles $'000	Plant and Equipment $'000	Office Equipment $'000	Computer Equipment $'000	Total $'000
Balance at 1 July 2018	4,837	482	11	693	328	10	697	7,058
Additions	-	98	-	85	348	1	140	672
Disposals	(2,229)	(72)	-	(35)	(2)	-	-	(2,338)
Depreciation expense	(27)	(38)	(5)	(298)	(157)	(4)	(190)	(719)
Balance at 30 June 2019	2,581	470	6	445	517	7	647	4,673

Land and buildings are carried at fair value. Land and buildings were last revalued as at 30 June 2018, based on independent valuations by Option, CBRE Valuations Pty Ltd and Knight Frank. The valuers used a market approach that reflects observed prices for recent market transactions for similar properties and incorporate adjustments for factors specific to the land in question, including size, location, covenants and other encumbrances and current use.

Note 11. Non-current assets - Intangible assets

	Consolidated	
	2019 $'000	**2018 $'000**
Goodwill - at cost	98	98
Carbon sequestration rights	64	64
Less: Accumulated amortisation	(5)	(5)
	59	59
Carbon farming initiative reforestation	-	7
Carbon credits	170	170
	327	334

The company is a shareholder in a joint-venture to identify and develop carbon sequestration projects. The fair value of carbon credits as at 30 June 2018 was determined by management based on the present value of the net cashflows expected to be generated over 17 years. The key cashflow assumptions are carbon price and yield, which have been developed with particular regard to the volume and price of carbon currently being sold by the joint venture. The expected cashflows are discounted using a risk adjusted discount rate.
Due to insufficient evidence of future forward pricing, management has decided to keep the current price the same as 30 June 2018.

Note 12. Non-current assets - Other assets

	Consolidated	
	2019 $'000	2018 $'000
Prepaid lease	695	695
Less: Accumulated amortisation	(275)	(240)
	420	455

Note 13. Non-current assets - Biological assets

	Consolidated	
	2019 $'000	2018 $'000
Biological assets	59	59

A controlled entity holds approximately 1,850 hectares of land of which approximately 365 hectares is planted to sandalwood (santalum spicatum). The fair value of the biological assets was assessed as at 30 June 2018 by an external independent expert. The valuer considered the present value of the net cash flows expected to be generated by the plantations. The cash flow projected included assumptions in respect of sandalwood yield, prices, harvest time, harvest cost and plantation management costs. The expected future net cashflows are discounted using a risk adjusted discount rate.

The fair value assessment is particularly sensitive to changes in sandalwood yield and price assumptions, a change in which may result in a significantly higher or lower fair value.

A loss on biological assets of $358,000 was recorded at 30 June 2018.

Note 14. Current liabilities - Trade and other payables

	Consolidated	
	2019 $'000	2018 $'000
Trade payables	2,717	1,460
Accruals and other payables	2,857	1,822
	5,574	3,282

Note 15. Current liabilities - Financial liabilities

	Consolidated	
	2019 $'000	2018 $'000
Bank loans	-	83
Finance leases	8	8
	8	91

The bank loans and finance leases are secured against the assets acquired and are subject to fixed and floating interest rates respectively.

Note 16. Current liabilities - Income tax

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax payable	26	66

Note 17. Current liabilities - Provisions

	Consolidated 2019 $'000	Consolidated 2018 $'000
Employee benefits	1,675	1,789

Note 18. Current liabilities - Other liabilities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Funds received in advance	16,335	16,644

Note 19. Non-current liabilities - Financial liabilities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Bank loans	-	368
Lease liability	88	96
	88	464

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Bank loans	-	451
Lease liability	96	104
	96	555

Assets pledged as security
The bank loans are secured by first mortgages over the consolidated entity's land and buildings.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

At 30 June 2019, the consolidated entity has $1,000,000 of asset finance leasing facilities available that are not currently being utilised.

Note 20. Non-current liabilities - Provisions

	Consolidated	
	2019 $'000	2018 $'000
Employee benefits	187	187

Note 21. Equity - Reserves

	Consolidated	
	2019 $'000	2018 $'000
Asset revaluation reserve	-	1,231
GADD bequest reserve	481	481
General reserve	983	983
	1,464	2,695

GADD Bequest Reserve
A bequest was made to Greening Australia (WA) in 1995. The terms state the bequest will be applied for projects in Western Australia which the majority of trustees are satisfied will benefit the environment and its conservation. The board of directors of Greening Australia (WA) are the trustees of this bequest and allocate funds accordingly to the terms of the bequest.

General Reserve
This reserve is used to segregate the surplus relating to donations received for the construction of a building owned by the Group.

Asset Revaluation Reserve
This reserve is used to recognise increments and decrements in the fair value of land and buildings

Note 22. Equity - Non-controlling interest

	Consolidated	
	2019 $'000	2018 $'000
Issued capital	900	900
Accumulated deficits	(753)	(715)
	147	185

The non-controlling interest held by a third party is in Greening Australia – Sandalwood Australia Co Pty Ltd. The company holds these shares as trustee for a third party. The shares are non-voting and the holder is entitled to distribution by dividend only on dissolution of Greening Australia – Sandalwood Australia Co Pty Ltd.

Note 23. Key management personnel

	Consolidated 2019 $'000	Consolidated 2018 $'000
The totals of remuneration paid to the key management personnel of the company during the year are as follows:		
Key management personnel compensation	1,518	1,928

Note 24. Contingent liabilities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Bank guarantees	60	84

Note 25. Commitments

	Consolidated 2019 $'000	Consolidated 2018 $'000
Payable - minimum lease payments		
Within one year	266	34
One to five years	624	87
	890	121

Note 26. Parent entity information

At 30 June 2019, as part of the Greening Group restructure, a number of subsidiaries (Greening state entities) operations are being transferred to the parent entity resulting in a change in the parent entity's financial performance and financial position. As part of this restructure, the Greening group intended to execute intercompany debt forgiveness to settle outstanding receivables and payables between these state entities and the parent entity. This was approved subsequent to balance date and is reflected in the 30 June 2019 parent entity results above. There is no impact on the consolidated entity results.

	Parent 2019 $'000	Parent 2018 $'000
Statement of profit or loss and other comprehensive income:		
Surplus/(deficit) after income tax	11,536	(170)

	Parent 2019 $'000	Parent 2018 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Current Assets	29,299	1,755
Total Assets	35,412	3,076
Current Liabilities	(22,373)	(2,552)
Total Liabilities	(32,110)	(2,619)
Equity	12,102	456

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Greening Australia Limited (Parent Entity)	Australia	-	-
Greening Australia (Capital Region)	Australia	100%	100%
Greening Australia (WA)	Australia	100%	100%
Greening Australia (NSW)	Australia	100%	100%
Greening Australia (QLD)	Australia	100%	100%
Greening Australia (VIC)	Australia	100%	100%
Greening Australia (TAS)	Australia	100%	100%
Greening Australia (SA)	Australia	100%	100%
Greening Australia (NT) Ltd	Australia	100%	100%
Greening Australia - Sandalwood Australia Co Pty Ltd	Australia	40%	40%
Nindethana Seed Service Pty Ltd	Australia	100%	100%
Vegetation Management Trust Funds	Australia	100%	100%
Australian Carbon Biosequestration Initiative Ltd	Australia	100%	100%

Note 28. Information and declaration to be furnished under the Charitable Fundraising Act 1991

	Consolidated 2019 $'000	Consolidated 2018 $'000
Gross proceeds from fundraising	2,270	2,754
Wages	(331)	(263)
Consultants	(95)	-
Subscription fees	(18)	(15)
Promotional materials	(60)	(62)
Bank fees	(4)	(2)
Net fundraising revenue	1,762	2,412

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Company details

The registered office and primary place of business of the company is:
Greening Australia Limited
Level 3, 349 Collins Street
Melbourne VIC 3000

Greening Australia Limited and Controlled Entities
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

On behalf of the directors

Gordon Davis

30 October 2019

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 9320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Greening Australia Limited and Controlled Entities

Report on the audit of the financial report

Opinion

We have audited the financial report of Greening Australia Limited and its controlled entities (the "Group"), which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Greening Australia Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Group's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the Financial Report and Auditor's Report thereon

Management are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Management and those charged with government for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 October 2019