Greening Australia Limited and Controlled Entities

ABN 40 002 963 788

Annual Report - 30 June 2020

Greening Australia Limited and Controlled Entities
Directors' report
30 June 2020

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 2020.

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

FY20 Highlights

In FY20, we have continued the journey towards our vision of "Healthy and productive landscapes where people and nature thrive," through the execution of strategies centred around five national programs.

By purposefully targeting increased revenue and profitability in recent years, we are now well-positioned to deliver our Vision 2030 goals. Through Project Vision 2030 we are investing strongly in key initiatives that drive efficiency, effectiveness, the highest levels of accountability and convert complexity into simplicity- critical factors for operating at the scale required to have real impact on the great environmental challenges of our time.
Our supporting year in review document provides a more expansive summary of the highlights and activities.

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:

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

Information on directors

Name:	James Atkins
Title:	Director
Qualifications:	BArts, BCommerce, Fellow of the Australian Institute of Company Directors
Experience and expertise:	Chair of Greening Australia Ltd since November 2019. 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. 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:	Gordon Davis
Title:	Director
Qualifications:	BSc (Hons) Forest Science, Masters Science, MBA
Experience and expertise:	Chair of Greening Australia Ltd, November 2014 until November 2019. 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:	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 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Gordon Davis	5	5
James Atkins	4	5
Arianne Rose	4	5
Robert Smith	5	5
Julie Green	5	5
Charl Pienaar	5	5
John Hope	5	5

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

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 2020

This report is made in accordance with a resolution of directors

On behalf of the directors

James Atkins

30 October 2020

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Auditor's Independence Declaration

To the 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 2020, 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 2020

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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 2020.

Greening Australia Limited and Controlled Entities
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Revenue			
Consultancy services		1,458	1,925
On-ground works and revegetation		24,512	23,175
Sale of seeds and plants		1,704	3,605
Sale of publications and merchandise		8	35
Training and education		447	477
Carbon sales		125	161
Membership income		113	11
Donations and fundraising income		2,837	2,270
		31,204	31,659
Less: Direct expenses		(12,230)	(13,635)
Gross profit		18,974	18,024
Other income	4	1,963	526
Expenses			
Rent and rates		(299)	(641)
Depreciation expense		(1,146)	(744)
Employment related expenses		(13,462)	(13,898)
Operational and administrative expenses	5	(1,754)	(2,128)
Finance costs		(114)	(50)
Total operating expenses		(16,775)	(17,461)
Surplus before income tax expense		4,162	1,089
Income tax expense		(29)	(125)
Surplus after income tax expense for the year		4,133	964
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		4,133	964
Surplus for the year is attributable to:			
Non-controlling interest		(47)	(38)
Members of Greening Australia Limited and Controlled Entities		4,180	1,002
		4,133	964
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(47)	(38)
Members of Greening Australia Limited and Controlled Entities		4,180	1,002
		4,133	964

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 2020

	Note	Consolidated 2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	6	9,464	8,044
Trade and other receivables	7	5,846	6,319
Inventories	8	82	109
Current tax assets	10	36	-
Biological assets	11	2,187	2,186
Financial assets	12	16,227	15,988
Total current assets		33,842	32,646
Non-current assets			
Property, plant and equipment	13	5,292	4,673
Right-of-use assets	9	2,155	-
Intangible assets	14	823	327
Other assets	15	388	420
Biological assets	11	59	59
Total non-current assets		8,717	5,479
Total assets		42,559	38,125
Liabilities			
Current liabilities			
Trade and other payables	16	4,764	5,574
Lease liabilities	17	361	8
Tax payable	18	-	26
Provisions	19	1,728	1,675
Contract liabilities	20	15,197	16,335
Total current liabilities		22,050	23,618
Non-current liabilities			
Lease liabilities	17	1,810	88
Provisions	19	334	187
Total non-current liabilities		2,144	275
Total liabilities		24,194	23,893
Net assets		18,365	14,232
Equity			
Reserves	21	3,376	2,326
Retained surpluses		14,889	11,759
Equity attributable to the members of Greening Australia Limited and Controlled Entities		18,265	14,085
Non-controlling interest	22	100	147
Total equity		18,365	14,232

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 2020

Consolidated	Specific purpose fund $'000	Asset revaluation reserve $'000	Other reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2018	-	1,231	1,464	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
Transfer revaluation increments upon sale of property to retained earnings	-	(1,231)	-	1,231	-	-
Transfers to/(from) specific purpose fund	862	-	-	(862)	-	-
Balance at 30 June 2019	862	-	1,464	11,759	147	14,232

Consolidated	Specific purpose fund $'000	Asset revaluation reserve $'000	Other reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	862	-	1,464	11,759	147	14,232
Surplus/(deficit) after income tax expense for the year	-	-	-	4,180	(47)	4,133
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,180	(47)	4,133
Transfers to/(from) specific purpose fund	2,033	-	-	(2,033)	-	-
Transfers to/(from) other reserves	-	-	(983)	983	-	-
Balance at 30 June 2020	2,895	-	481	14,899	100	18,365

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 2020

	Note	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		33,663	29,252
Payments to suppliers and employees		(31,358)	(28,385)
		2,305	867
Interest received		249	161
Income tax paid		(91)	(165)
Interest and other finance costs paid		(114)	(50)
Proceeds from government grants		1,165	-
Net cash from operating activities		3,514	813
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	27	(313)	-
Payments for property, plant and equipment	13	(1,397)	(672)
Payments for intangibles		54	-
Payments for financial assets		(239)	(11,348)
Proceeds from disposal of property, plant and equipment		158	2,391
Net cash used in investing activities		(1,737)	(9,629)
Cash flows from financing activities			
Repayment of borrowings		-	(459)
Repayment of lease liabilities		(357)	-
Net cash used in financing activities		(357)	(459)
Net increase/(decrease) in cash and cash equivalents		1,420	(9,275)
Cash and cash equivalents at the beginning of the financial year		8,044	17,319
Cash and cash equivalents at the end of the financial year	6	9,464	8,044

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the Statement of financial position.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the Statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Refer to Note 3 for the impact of adoption on the consolidated entity.

AASB 1058 Income of Not-for-Profit Entities
The consolidated entity has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt.

Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137.

The liability is brought to account as income over the period in which the entity satisfies its performance obligation.

If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The consolidated entity has conducted an analysis of its grant contracts and analysed the terms of each contract to determine whether the arrangements meet the enforceability and the ‘sufficiently specific’ criteria under AASB 15. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise and recognised when (or as) the performance obligations are satisfied.
This analysis did not identify any grant contracts that required a change in accounting treatment at 1 July 2019.

Note 1. Significant accounting policies (continued)

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 2020 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.

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.

Note 1. Significant accounting policies (continued)

Revenue recognition
The consolidated entity recognises revenue as follows:

Government grants, donations and bequests
When the consolidated entity receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the consolidated entity to further its objectives), it performs an assessment to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations. In cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. In all other cases (where the contract is not ‘enforceable’ or the performance obligations are not ‘sufficiently specific’), the transaction is accounted for under AASB 1058 where the consolidated entity:
- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised (‘related amounts’) in accordance with the relevant a applicable Australian Accounting Standard including:
    • contributions by owners (AASB 1004)
    • a lease liability (AASB 16)
    • revenue, or a contract liability arising from a contract with a customer (AASB 15)
    • a financial instrument (AASB 9)
    • a provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

Sale of seeds
Revenue from the sale of seeds 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 income - Government subsidies
Government subsidies are recognised when there is a reasonable certainty that the grant will be received and all grant conditions are met.
Government grants include amounts received or receivable under the Federal Government's JobKeeper payment scheme, which provides temporary subsidies to eligible businesses significantly affected by COVID-19.

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.

Two subsidiaries (Nindethana Seed Services Pty Ltd & Biodiverse Carbon Conservation Pty Limited) are not registered charities and hence the income tax included in the consolidated results relates to the income tax incurred by these entities 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.

Note 1. Significant accounting policies (continued)

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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 mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through 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

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

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

Note 1. Significant accounting policies (continued)

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.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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 Emissions Reduction Fund Auction price.
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.

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.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 1. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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 of biological assets
Biological assets are measured at fair value less costs to sell. In estimating fair value, management take into account the most reliable evidence of market prices at balance date. Historic cost is used as an estimate of fair value where little or no biological transformation has taken place.

Fair value measurement
Management uses external valuations to determine the fair value of property (where active market quotes are not available). 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. AASB 16 'Leases' Transition

AASB 16 'Leases' replaces AASB 117 'Leases'. The adoption of this new Standard has resulted in the consolidated entity recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach. Prior periods have not been restated.

The consolidated entity has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the consolidated entity has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On adoption of AASB 16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the consolidated entity's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.03%.

The consolidated entity has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements at 30 June 2019) to the lease liabilities recognised at 1 July 2019:

Note 3. AASB 16 'Leases' Transition (continued)

	$
Total operating lease commitments disclosed at 30 June 2019	890
Excluding leases exempt from recognition under AASB 16	(62)
Discounted using incremental borrowing rate	(130)
Reasonably certain extension options	425
Total lease liabilities recognised under AASB 16 at 1 July 2019	1,123

The right of use asset recognised equals the lease liability at 1 July 2019 (as above) in addition to the associated make good provision of $137,000.

Note 4. Other income

	Consolidated	
	2020 $'000	2019 $'000
Fair value gain on equity investment	400	-
Interest income	249	161
Gain/(loss) on sale of assets	(57)	46
Other income	206	319
Government grants	1,165	-
Other income	1,963	526

Refer to Note 27 for details of gain on equity investment.

Note 5. Operational and administrative expenses

	Consolidated	
	2020 $'000	2019 $'000
Computer maintenance and consumables	20	7
Legal fees	238	17
Insurance	160	162
Telephone and internet	198	353
Other expenses	1,138	1,589
	1,754	2,128

Note 6. Cash and cash equivalents

	Consolidated	
	2020 $'000	2019 $'000
Current assets		
Cash on hand	2	7
Cash at bank	9,462	8,037
	9,464	8,044

Note 7. Trade and other receivables

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current assets		
Trade receivables	4,100	4,817
Less: Allowance for expected credit losses	(25)	(258)
	4,075	4,559
Work in progress	876	1,333
Other receivables	190	206
Prepayments and deposits	322	209
Interest receivable	383	12
	5,846	6,319

Note 8. Inventories

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current assets		
Merchandise, packaging and planting supplies	82	109

Note 9. Right-of-use assets

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Non-current assets		
Land and buildings - right-of-use	2,569	-
Less: Accumulated depreciation	(414)	-
	2,155	-

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

Consolidated	Land and buildings $'000	Total $'000
Balance at 1 July 2019	-	-
Adjustment on adoption of AASB 16	1,260	1,260
Additions	1,309	1,309
Depreciation expense	(414)	(414)
Balance at 30 June 2020	2,155	2,155

Note 10. Current tax assets

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current assets		
Income tax refund due	36	-

Note 11. Biological assets

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current assets		
Plant stock	138	317
Seed Stock	2,049	1,869
	2,187	2,186
Non-current assets		
Biological assets	59	59
	2,246	2,245

Non-Current Biological Assets

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 valuation expert 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.

Note 12. Financial assets

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current assets		
Short term bank deposits	16,227	15,988

Note 13. Property, plant and equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Land and buildings - at revaluation	3,632	3,632
Less: Accumulated depreciation	(1,065)	(1,051)
	2,567	2,581
Leasehold improvements - at cost	733	763
Less: Accumulated depreciation	(346)	(293)
	387	470
Plant and equipment - at cost	2,106	2,133
Less: Accumulated depreciation	(1,717)	(1,609)
	389	524
Furniture, fixtures and fittings - at cost	132	132
Less: Accumulated depreciation	(128)	(126)
	4	6
Motor vehicles - at cost	2,596	3,216
Less: Accumulated depreciation	(2,253)	(2,771)
	343	445
Computer equipment - at cost	1,941	1,789
Less: Accumulated depreciation	(1,382)	(1,142)
	559	647
Assets under construction - at cost	1,043	-
	5,292	4,673

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	Computer Equipment $'000	Assets under construction $'000	Total $'000
Balance at 1 July 2019	2,581	470	6	445	524	647	-	4,673
Additions	-	53	-	107	22	172	1,043	1,397
Disposals	-	(6)	-	(36)	-	(3)	-	(45)
Depreciation expense	(14)	(130)	(2)	(173)	(157)	(257)	-	(733)
Balance at 30 June 2020	2,567	387	4	343	389	559	1,043	5,292

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 14. Intangible assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Goodwill - at cost	632	98
Carbon sequestration rights	64	64
Less: Accumulated amortisation	(64)	(5)
	-	59
Carbon credits	191	170
	823	327

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

Consolidated	Goodwill $'000	Carbon sequestration rights $'000	Carbon credits $'000	Total $'000
Balance at 1 July 2019	98	59	170	327
Additions	-	-	5	5
Additions through business combinations (note 27)	534	-	186	720
Disposals	-	-	(170)	(170)
Impairment of assets	-	(59)	-	(59)
Balance at 30 June 2020	632	-	191	823

Note 15. Other assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Prepaid lease	695	695
Less: Accumulated amortisation	(307)	(275)
	388	420

Note 16. Trade and other payables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Trade payables	2,479	2,717
Accruals and other payables	2,285	2,857
	4,764	5,574

Note 17. Lease liabilities

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Lease liabilities	361	8
Non-current liabilities		
Lease liabilities	1,810	88
	2,171	96

Reconciliation

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Balance at 1 July	96	104
Adjustment for adoption of AASB 16	1,123	-
Add: New leases during financial year	1,309	-
Add: Interest expense	77	-
Less: Lease payments	(434)	(8)
	2,171	96

Short term leases not included in lease liabilities (included in rent and rates expense) amount to $299,000.

The consolidated entity leases various premises. Rental contracts are typically made for periods of 1 to 6 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Note 18. Tax payable

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Income tax payable	-	26

Note 19. Provisions

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Employee benefits	1,728	1,675
Non-current liabilities		
Employee benefits	197	187
Make good provision for leased premises	137	-
	334	187
	2,062	1,862

Note 20. Contract liabilities

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Funds received in advance	15,197	16,335

Note 21. Reserves

	Consolidated	
	2020	**2019**
	$'000	**$'000**
GADD bequest reserve	481	481
Specific purpose fund	2,895	862
General reserve	-	983
	3,376	2,326

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.

Specific Purpose Fund
The Specific Purpose Fund represents funds received from donations, bequests and government grants, which will be allocated to projects according to the objectives and requirements of the provider. Amounts will be released from the fund to accumulated surplus as expended in future periods.
During the 2020 financial year Greening Australia received grants under the Federal Government's JobKeeper program. Consistent with the employment objectives of the Federal Government, Greening Australia intends to utilise the funds in specific activities which enable large scale native revegetation and will create new jobs, both direct and indirect.

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

Note 22. Non-controlling interest

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Issued capital	900	900
Accumulated deficits	(800)	(753)
	100	147

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	
	2020	**2019**
	$'000	**$'000**
The totals of remuneration paid to the key management personnel of the company during the year are as follows:		
Key management personnel compensation	1,465	1,518

Note 24. Contingent liabilities

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Bank guarantees	67	60

Note 25. Commitments

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Payable - minimum lease payments		
Within one year	32	266
One to five years	-	624
	32	890

From 1 July 2019, the consolidated entity has recognised right of use assets for property leases. Refer to note 3 for further details.
The remaining commitments relate to short term lease arrangements that are not required to be recognised as a right of use asset under AASB 16.

Note 26. Parent entity information

	Parent 2020 $'000	Parent 2019 $'000
Statement of profit or loss and other comprehensive income:		
Surplus after income tax	4,373	11,536

	Parent 2020 $'000	Parent 2019 $'000
Statement of financial position		
Current Assets	39,937	29,299
Total Assets	39,968	35,412
Current Liabilities	(20,467)	(22,373)
Total Liabilities	(22,631)	(32,110)
Equity	16,938	12,102

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 executed intercompany debt forgiveness to settle outstanding receivables and payables between these state entities and the parent entity. This is reflected in the 30 June 2019 parent entity results above. There is no impact on the consolidated entity results.

Note 27. Business combinations

On 27 February 2020, Greening Australia Limited acquired the remaining 50% of the ordinary shares in Biodiverse Carbon Conservation Pty Ltd (BCC) for the total consideration transferred of $400,000. Prior to acquisition, BCC was accounted for as an equity investment in the consolidated entity results.

Details of the acquisition are as follows:

	Fair value $'000
Current assets	355
Current liabilities	(88)
Net assets acquired	267
Goodwill	533
Acquisition-date fair value of the total consideration transferred	800
Representing:	
Cash paid	400
Revaluation of previously held equity interest	400
	800

The initial accounting for the acquisition of BCC has been provisionally determined at the end of the reporting period in accordance with the business combination accounting policy in Note 1.

Note 28. 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 2020 %	Ownership interest 2019 %
Greening Australia Limited (Parent Entity)	Australia	-	-
Greening Australia (Capital Region)*	Australia	-	100%
Greening Australia (WA)	Australia	100%	100%
Greening Australia (NSW)*	Australia	-	100%
Greening Australia (QLD)	Australia	100%	100%
Greening Australia (VIC)*	Australia	-	100%
Greening Australia (TAS)*	Australia	-	100%
Greening Australia (SA)*	Australia	-	100%
Greening Australia (NT) Ltd*	Australia	-	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%
Biodiverse Carbon Conservation Pty Limited	Australia	100%	-

Biodiverse Carbon Conservation Pty Ltd was 50% owned at 30 June 2019 and accounted for as an equity investment as control did not exist.

*These entities were wound up and deregistered during the financial year.

Note 29. Information and declaration to be furnished under the Charitable Fundraising Act 1991

	Consolidated 2020 $'000	Consolidated 2019 $'000
Gross proceeds from fundraising	2,837	2,270
Wages	(303)	(331)
Consultants	(57)	(95)
Subscription fees	(8)	(18)
Promotional materials	(107)	(60)
Bank fees	(15)	(4)
Net fundraising revenue	2,347	1,762

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 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 31. 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 2020

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 2020 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

James Atkins

30 October 2020

Collins Square, Tower 5
727 Collins Street
Melbourne Victoria 3008

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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 (the "Company") and Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 and Controlled Entities has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 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.

Other information

The Directors 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 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors 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, the Directors are 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.

The Directors 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 the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 October 2020