Greening Australia Ltd and controlled entities

ABN 40 002 963 788

Annual Report - 30 June 2022

Greening Australia Ltd and controlled entities
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on Greening Australia Ltd ('company') and its controlled entities ('consolidated entity') for the financial year ended 30 June 2022.

Principal Activities
The principal activities during the financial 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 principal objective of the company is to engage the community in vegetation management to protect and restore the health, diversity and productivity of our unique Australian landscapes at scale.

Company Strategies
During the financial year the company adopted a 2025 strategy roadmap towards our vision of *healthy and productive landscapes where people and nature thrive*. The roadmap defined how land, seed, capital, science and people will enable us to successfully achieve our 2030 goals and outlined how communities, the economy and the environment all intersect to rebuild nature at scale.

FY22 Highlights
During the year, the company invested in accelerating our 2025 strategy roadmap and capability with key expenditures including developing an online landholder portal and updating several major IT systems including the financial and project management systems. Longer term, these technologies will deliver a step change in resource management efficiency and enable the company to reach its' impact goals faster. We continued delivering on major client partnerships including Astra Zeneca and commenced an exciting new partnership with Nestle.

Celebrating its' 40th year of restoring the Australian landscape, Greening Australia launched its' first Innovate Reconciliation Action Plan formalising an important step in the company's commitment to continually seek greater understanding and make a more meaningful contribution to reconciliation with First Nations peoples through its people, work, and influence.

Another major milestone in FY22 was the purchase of Jarrega, a property located in the WA Wheatbelt. Jarrega is one of the first properties purchased by the company to strategically compliment the developing relationships it is building with private and public landholders to meet the goal to restore 330,000 hectares by 2030. What is most exciting about this property is not only its' potential for impact driven restoration but also the opportunity to secure the native seed supply nationally and to undertake research and trials to improve how optimum results can be achieved in challenging landscapes. As we commenced FY23, we were continuing assessments of other similar, potential acquisitions

In a year continuously impacted by COVID and flood events, the team worked hard restoring over 5,000 hectares of Australian landscape to deliver a solid environmental and financial result. Whilst the company recorded its highest ever revenue earnings, the difficult external environment significantly impacted the efficiency of operations, with the higher costs leading to a loss of $0.7m which, after recording a valuation loss on the 'Nowanup' property, resulted in a deficit of $1m for the year. This follows a surplus in FY21 of over $2.3m

The valuation loss on Nowanup reflects the decision to return the property to the Traditional Owners who have run a transformative Healing People/Healing Country on the land for over fifteen years. This is expected to be formalised in the 2023 financial year and in expectation a loss on the valuation of that property has been recognised in these accounts.

Operating and Financial Review
The company has conducted an internal assessment of property owned and leased by the consolidated entity. In reviewing the value of these properties, the valuation of Australian Carbon Credit Units (ACCUs) that can be generated in the future was not considered. The consolidated entity has received ACCUs this year and is expecting to continue receiving these ACCUs, recording them as they are registered with the Clean Energy Regulator. Reference to this accounting treatment can be found in the notes to the accounts attached to this Directors' report.

Directors

The following persons were Directors of Greening Australia Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

James Atkins
Gordon Davis
Arianne Rose (retired 23 November 2021)
Robert Smith
Julie Green
Charl Pienaar
John Hope
Radha Kuppalli (appointed 25 January 2021)
Robin Romero (appointed 24 November 2021)
Stephen Dunne (appointed 25 August 2022)

Information on Directors

Name:	James Atkins
Title:	Director
Qualifications:	BArts, BCommerce, Fellow of the Australian Institute of Company Directors
Experience and expertise:	James is an experienced business advisor, marketing strategist and company director with over 35 years of experience working at a senior level in the retail, financial services and energy sectors. He became Chair of Greening Australia in November 2019. He is an experienced director and is currently Chairman of BIG4 Holiday Parks and a non-executive Director of the Connective Group, .au Domain Administration and Melbourne Water. 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 Australian Institute of Company Directors and a graduate of their Company Directors Course.
Name:	Gordon Davis
Title:	Director
Qualifications:	BSc (Hons) Forest Science, Masters Science, MBA
Experience and expertise:	Past Chair of Greening Australia Limited 2014 to 2019. Gordon has worked in government as a forester, federal parliament as a policy advisor, and industry roles, including as a CEO. Gordon holds non-executive Directorships with Nufarm Limited, Healius Limited, and Midway Limited. Gordon was Chair of VicForests from 2011 to 2016, and has served on the Advisory Board of The Nature Conservancy from 2013 to 2018.
Name:	Arianne Rose
Title:	Director
Qualifications:	BSc/LLB, GCertFinPlanning, Fellow of the Australian Institute of Company Directors
Experience and expertise:	Arianne is a non-executive Director with private and public sector board and executive management experience in highly regulated sectors with a strong skill set in corporate governance and risk management. Arianne is the Chair of the Alpine Resorts Co-ordinating Council, responsible for developing the strategic direction and sustainable growth of Victoria’s Alpine Resorts and a non-executive director of Canopy Nature Based Solutions, a subsidiary of the Greening Australia, that produces carbon credits in Australia. Previously Arianne was a non-executive Director of the Architects Registration Board of Victoria, Melbourne Polytechnic a TAFE and higher education institute, and the Company Secretary and General Counsel, VicTrack, 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 and Fellow of Leadership Victoria
Experience and expertise: Julie is a non-executive Director of RACV, Bendigo Health, Loddon Mallee Waste & Resource Recovery, and BRLP Australia, as well as Advisory Board Member of Redgrid, Symphony7 and ClimateWise Associations. Formerly a Director of RACV Finance, Maldon Hospital, and 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 has mentored to emerging leaders through Leadership Victoria.

She is passionate about sustainability, circular economy, and regional Victoria. She lives in Maldon Victoria.

Alongside this professional career, Julie has been an advisor to Not For Profit entities over the last 20 years and has mentored to emerging leaders through Leadership 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, Charl 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 program and also managed its infrastructure investments in Asia. He currently serves as a Member of Investment Committees and was a past Member of the Board of New Forests, an international investment management firm focused on sustainable forestry and associated environmental markets.
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.
Name:	Radha Kuppalli
Title:	Director
Qualifications:	Bachelor of Arts (International Studies and Economic Theory), MBA, Master of Environmental Management
Experience and expertise:	Currently a Managing Director at New Forests, Radha has had a 20-year career in driving capital markets toward investing in climate change solutions and sustainable development. She is motivated to ensure that sustainable land use is an integral part of the transition to a net zero economy. Radha is on the Advisory Board of the Center for Business and Environment at Yale University and is an associate of the Yale World Fellows Program. Radha is an instrumental member of the Board with her extensive experience in business development, strategy and capital raising.

Name:	Robin Romero
Title:	Director
Qualifications:	Bachelor of Laws, Bachelor of Commerce (Accounting & Finance), Graduate Member of the Australian Institute of Company Directors
Experience and expertise:	Robin is an experienced Director, executive and commercial lawyer. With a background in law, accounting and finance, the early days of her career were at KPMG followed by King & Wood Mallesons. Robin then moved into the mining and resources industry where she has over 17 years of commercial experience at executive and board level. Robin was raised in the Great Southern region of Western Australia and retains a strong connection with the region. Robin is currently legal counsel for FMR Investments, a private mining group based in Perth and is also a non-executive Director of Euroz Limited.

Name:	Stephen Dunne
Title:	Director
Qualifications:	Bachelor of Business, Masters of Business, Chartered Financial Analyst, FAICD
Experience and expertise:	Stephen currently holds multiple Board positions, including the Chair of the QIC Natural Capital Investment Committee (where he has been on the QIC Board for over 6 years), Chair of the Investors Group on Climate Change (IGCC) since 2019, and has been Director & Chair of the Investment Committee for the Cbus Super Fund since 2015. Stephen had a long and highly successful 21-year career at AMP Capital, where he was CEO for over 12 years. Outside of financial services, Stephen has an active interest and investment in livestock breeding, farmland conservation and restoration. His direct ownership and participation in a major corporate agricultural enterprise have served to deepen his appreciation of the challenges and opportunities presented in the agriculture sector, supported by his deep understanding of sustainability and experience embedding sustainability into investment and business operations.

Meetings of directors

The number of meetings of the company's Board of Directors held during the financial year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Gordon Davis	5	6
James Atkins	6	6
Arianne Rose (retired 23 November 2021)	3	6
Robert Smith	6	6
Julie Green	6	6
Charl Pienaar	6	6
John Hope	6	6
Radha Kuppalli	6	6
Robin Romero (Appointed 24 November 2021)	3	3

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.

This report is made in accordance with a resolution of Directors

On behalf of the directors

James Atkins

27 October 2022

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor’s Independence Declaration

To the Directors of Greening Australia Ltd

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 Ltd and controlled entities for the year ended 30 June 2022, 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- Audit & Assurance

Melbourne, 27 October 2022

Greening Australia Ltd and controlled entities
Statement of profit or loss and other comprehensive income
For the financial year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Revenue			
Consultancy services		1,213	791
On-ground works and revegetation		29,100	28,497
Sale of seeds and plants		3,218	2,542
Sale of publications and merchandise		9	15
Training and education		18	65
Carbon sales		1,235	354
Membership income		81	89
Donations and fundraising income		3,366	3,730
Fair value gain on carbon credits granted		227	531
		38,467	36,614
Less: Direct expenses		(19,275)	(15,897)
Gross profit		19,192	20,717
Share of profits of associate accounted for using the equity method		17	-
Other income	4	332	1,883
Expenses			
Rent and rates		(299)	(298)
Depreciation and amortisation expenses		(1,596)	(1,367)
Employment related expenses		(16,469)	(16,643)
Operational and administrative expenses	5	(1,780)	(1,708)
Finance costs		(105)	(120)
Loss on revaluation of land and buildings	13	(250)	(19)
Total operating expenses		(20,499)	(20,155)
(Deficit)/surplus before income tax expense		(958)	2,445
Income tax expense		(32)	(101)
(Deficit)/surplus after income tax expense for the financial year		(990)	2,344
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive income for the financial year		(990)	2,344
Surplus/(deficit) for the financial year is attributable to:			
Non-controlling interest		76	35
Members of Greening Australia Ltd and controlled entities		(1,066)	2,309
		(990)	2,344
Total comprehensive income for the financial year is attributable to:			
Non-controlling interest		76	35
Members of Greening Australia Ltd and controlled entities		(1,066)	2,309
		(990)	2,344

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

Greening Australia Ltd and controlled entities
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents	6	11,263	9,785
Trade and other receivables	7	17,016	7,370
Inventories	8	79	30
Biological assets	10	3,035	2,857
Financial assets	11	12,321	16,331
Total current assets		43,714	36,373
Non-current assets			
Trade and other receivables	7	250	-
Investment accounted for using the equity method	12	17	-
Property, plant and equipment	13	9,416	6,401
Right-of-use assets	9	1,779	1,772
Intangible assets	14	632	632
Other assets	15	324	356
Biological assets	10	99	59
Total non-current assets		12,517	9,220
Total assets		56,231	45,593
Liabilities			
Current liabilities			
Trade and other payables	16	7,221	6,613
Lease liabilities	17	412	524
Tax payable	18	-	56
Provisions	19	1,948	2,077
Contract liabilities	20	25,107	13,939
Total current liabilities		34,688	23,209
Non-current liabilities			
Lease liabilities	17	1,462	1,305
Provisions	19	362	370
Total non-current liabilities		1,824	1,675
Total liabilities		36,512	24,884
Net assets		19,719	20,709
Equity			
Reserves	21	1,998	4,535
Retained surpluses		17,510	16,039
Equity attributable to the members of Greening Australia Ltd and controlled entities		19,508	20,574
Non-controlling interest	22	211	135
Total equity		19,719	20,709

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

Greening Australia Ltd and controlled entities
Statement of changes in equity
For the financial year ended 30 June 2022

Consolidated	Specific purpose fund $'000	Other reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	2,895	481	14,889	100	18,365
Surplus after income tax expense for the financial year	-	-	2,309	35	2,344
Other comprehensive income for the financial year, net of tax	-	-	-	-	-
Total comprehensive income for the financial year	-	-	2,309	35	2,344
Transfers to/(from) specific purpose fund	1,159	-	(1,159)	-	-
Balance at 30 June 2021	4,054	481	16,039	135	20,709

Consolidated	Specific purpose fund $'000	Other reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	4,054	481	16,039	135	20,709
(Deficit)/surplus after income tax expense for the financial year	-	-	(1,066)	76	(990)
Other comprehensive income for the financial year, net of tax	-	-	-	-	-
Total comprehensive income for the financial year	-	-	(1,066)	76	(990)
Transfers to/(from) specific purpose fund	(2,257)	-	2,257	-	-
Transfers to/(from) other reserves	-	(280)	280	-	-
Balance at 30 June 2022	1,797	201	17,510	211	19,719

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

Greening Australia Ltd and controlled entities
Statement of cash flows
For the financial year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		39,951	34,323
Payments to suppliers and employees		(37,579)	(32,938)
		2,372	1,385
Interest received		54	99
Income tax paid		(92)	(9)
Interest and other finance costs paid		(105)	(120)
Proceeds from government grants		-	1,301
Net cash from operating activities	28	2,229	2,656
Cash flows from investing activities			
Payments for property, plant and equipment		(4,274)	(1,959)
Payments for financial assets		-	(104)
Proceeds from redemption of financial assets		4,010	-
Proceeds from disposal of assets		41	191
Net cash used in investing activities		(223)	(1,872)
Cash flows from financing activities			
Repayment of lease liabilities		(528)	(463)
Net cash used in financing activities		(528)	(463)
Net increase in cash and cash equivalents		1,478	321
Cash and cash equivalents at the beginning of the financial year		9,785	9,464
Cash and cash equivalents at the end of the financial year	6	11,263	9,785

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

Note 1. General information

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

Greening Australia Ltd and controlled entities is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 October 2022.

Note 2. 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 financial year.

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

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

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 the Australian Accounting Standards - Simplified Disclosures 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 3.

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 27.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Greening Australia Ltd ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the financial year then ended. Greening Australia Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Significant accounting policies (continued)

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.

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 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.

Note 2. Significant accounting policies (continued)

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 Service Pty Ltd & Canopy Nature Based Solutions Pty Ltd) 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.

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 financial year; 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 financial year. 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 financial year; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the financial year. 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.

Note 2. Significant accounting policies (continued)

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.

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.

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. Investment in associate is 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.

Financial assets
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 financial year 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.

Note 2. Significant accounting policies (continued)

Property, plant and equipment
Land and buildings are carried at fair value, based on periodic valuations, at least every 3 years, 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
Furniture, fixtures and fittings	4-100 years
Motor vehicles	4-5 years
Computer equipment	2-5 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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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.

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. 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.

Note 2. Significant accounting policies (continued)

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.

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 3. 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 of biological assets
Biological assets are measured at fair value less costs to sell. In estimating fair value, management takes 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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 can change significantly as a result of technical innovations or some other event. The depreciation and amortisation charges 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 4. Other income

	Consolidated 2022 $'000	Consolidated 2021 $'000
Insurance recoveries	15	145
Interest income	54	90
Gain on sale of assets	30	70
Sundry income	233	277
Government grants	-	1,301
	332	1,883

Note 5. Operational and administrative expenses

	Consolidated 2022 $'000	Consolidated 2021 $'000
Legal fees	248	85
Insurance	184	177
Telephone and internet	169	201
Other expenses	1,179	1,245
	1,780	1,708

Note 6. Cash and cash equivalents

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Cash on hand	-	1
Cash at bank	11,263	9,784
	11,263	9,785

Note 7. Trade and other receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Trade receivables	10,915	4,983
Less: Allowance for expected credit losses	-	-
	10,915	4,983
Work in progress	5,525	2,112
Other receivables	116	33
Prepayments and deposits	456	242
Income tax refund due	4	-
	17,016	7,370
Non-current assets		
Receivable from associate	250	-
	17,266	7,370

Note 8. Inventories

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Merchandise, packaging and planting supplies	57	30
Carbon credits	22	-
	79	30

Note 9. Right-of-use assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Land and buildings - right-of-use	3,250	2,679
Less: Accumulated depreciation	(1,471)	(907)
	1,779	1,772

Note 9. Right-of-use assets (continued)

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 2021	1,772	1,772
Additions	573	573
Depreciation expense	(566)	(566)
Balance at 30 June 2022	1,779	1,779

Note 10. Biological assets

	Consolidated	
	2022 $'000	**2021 $'000**
Current assets		
Plant stock	93	80
Seed stock	2,942	2,777
	3,035	2,857
Non-current assets		
Biological assets	99	59
	3,134	2,916

Non-current biological assets
The sandalwood plantations were subject to an external valuation as at 30 June 2021. Based on the plantations growth to maturity at approximately 25 years of age, currently 15 years, the present value of the expected net cash flows as at 30 June 2021 was approximately $99,000.

As the sandalwood plantations are approximately halfway through their rotation, it was determined that the 30 June 2021 valuation remains appropriate for 30 June 2022.

When Greening Australia - Sandalwood Australia Co Pty Ltd ("GASAC") established the sandalwood plantation in October 2006 they entered into a management agreement with Spicatum Resources Australia ("SRA") to maintain the plantation. On 30 August 2016, GASAC entered into a settlement to cancel the management agreement whereby Greening Australia is now responsible for the plantation management. Under the terms of the cancellation agreement, SRA has a future 3.3% entitlement and Geoffrey Woodall (a SRA shareholder) has a future 2.2% entitlement to the net revenue from the harvest of the plantation.

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 11. Financial assets

	Consolidated	
	2022 $'000	**2021 $'000**
Current assets		
Short term bank deposits	12,321	16,331

Note 12. Investment accounted for using the equity method

On 2 February 2022, Canopy Nature Based Solutions Pty Ltd (a 100% owned subsidiary of Greening Australia Ltd) set up a 50% owned joint venture, Nature Company Pty Ltd.

	Consolidated	
	2022 $'000	**2021 $'000**
Non-current assets		
Investment in Nature Company Pty Ltd	17	-

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	-	-
Surplus after income tax	17	-
Closing carrying amount	17	-

Note 13. Property, plant and equipment

	Consolidated	
	2022 $'000	**2021 $'000**
Non-current assets		
Land and buildings - at revaluation	6,015	3,662
Less: Accumulated depreciation	(1,064)	(1,075)
	4,951	2,587
Leasehold improvements - at cost	2,937	2,905
Less: Accumulated depreciation	(867)	(526)
	2,070	2,379
Plant and equipment - at cost	2,235	2,508
Less: Accumulated depreciation	(1,481)	(1,847)
	754	661
Furniture, fixtures and fittings - at cost	91	139
Less: Accumulated depreciation	(80)	(125)
	11	14
Motor vehicles - at cost	2,361	2,371
Less: Accumulated depreciation	(2,096)	(2,118)
	265	253
Computer equipment - at cost	1,189	2,031
Less: Accumulated depreciation	(951)	(1,538)
	238	493
Assets under construction - at cost	1,127	14
	9,416	6,401

Note 13. 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	Computer equipment $'000	Assets under construction $'000	Total $'000
Balance at 1 July 2021	2,587	2,379	14	253	661	493	14	6,401
Additions	2,665	33	-	140	251	65	1,127	4,281
Disposals	-	-	-	(1)	-	(17)	-	(18)
Revaluation decrements	(250)	-	-	-	-	-	-	(250)
Transfers to/(from) assets under construction	-	-	-	-	14	-	(14)	-
Depreciation expense	(51)	(342)	(3)	(127)	(172)	(303)	-	(998)
Balance at 30 June 2022	4,951	2,070	11	265	754	238	1,127	9,416

Land and buildings are carried at fair value. Land and buildings were last revalued in April 2021, based on independent valuations by Opteon and CBRE Valuations Pty Ltd. 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.

The most recent valuation done in 2021 did not consider the valuation of the carbon units that are being generated from one land owned by the consolidated entities and will continue to generate till 2038.

The valuation decrement reflects the decision during the financial year to return the Nowanup property to the Traditional Owners who have run a transformative Healing People/Healing Country on the land for over fifteen years. This is expected to be formalised in the 2023 financial year

Note 14. Intangible assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Goodwill	632	632

Note 15. Other assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Prepaid lease	695	695
Less: Accumulated amortisation	(371)	(339)
	324	356

Note 16. Trade and other payables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Trade payables	5,642	3,292
Accruals and other payables	1,579	3,321
	7,221	6,613

Note 17. Lease liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Lease liabilities	412	524
Non-current liabilities		
Lease liabilities	1,462	1,305
	1,874	1,829

Reconciliation

	Consolidated 2022 $'000	Consolidated 2021 $'000
Balance at 1 July	1,829	2,171
Add: New leases during the financial year	573	102
Add: Interest expense	73	86
Less: Lease payments	(601)	(530)
	1,874	1,829

Short term leases not included in lease liabilities (included in rent and rates expense) amount to $299,000 (2021: $298,000).

The consolidated entity leases various premises. Rental contracts are typically made for periods of 1 to 25 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 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Income tax payable	-	56

Note 19. Provisions

	Consolidated 2022 $'000	2021 $'000
Current liabilities		
Employee benefits	1,948	2,077
Non-current liabilities		
Employee benefits	198	206
Make good provision for leased premises	164	164
	362	370
	2,310	2,447

Note 20. Contract liabilities

	Consolidated 2022 $'000	2021 $'000
Current liabilities		
Funds received in advance	25,107	13,939

Note 21. Reserves

	Consolidated 2022 $'000	2021 $'000
GADD bequest reserve	201	481
Specific purpose fund	1,797	4,054
	1,998	4,535

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 that these projects will benefit the environment and its conservation. The board of directors of Greening Australia are the trustees of this bequest and allocate funds accordingly to the terms of the bequest.

During the 2022 financial year, Greening Australia has utilised part of the reserve and has recognised the usage of the funds as retained profits.

Specific Purpose Fund
The Specific Purpose Fund represents the revenue received from donations, bequests, and government grants, which has been allocated to projects that have an expected duration of greater than 12 months. Amounts will be released from the reserve to accumulated surplus as amounts are expended in future periods.

During the 2021 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. During the 2022 financial year, Greening Australia has recognised the grants under the Federal Government's JobKeeper program as retained profits.

Note 22. Non-controlling interest

	Consolidated 2022 $'000	Consolidated 2021 $'000
Issued capital	900	900
Accumulated deficits	(689)	(765)
	211	135

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.

The other non-controlling interest held by a third party is in SeedX Pty Ltd.

Note 23. Key management personnel

	Consolidated 2022 $'000	Consolidated 2021 $'000
The totals of remuneration paid to the key management personnel of the company during the financial year are as follows:		
Key management personnel compensation	2,228	1,850

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the company:

	Consolidated 2022 $	Consolidated 2021 $
Audit services - Grant Thornton		
Audit and preparation of the financial statements	105	84
Other services - Grant Thornton		
Tax compliance services and advice	48	3
	153	87

Note 25. Contingent liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Bank guarantees	163	165

Note 26. Commitments

The consolidated entity has entered into an agreement to share the annual sales of carbon units generated from a leased land with the third parties till 2038

Note 27. Parent entity information

	Parent	
	2022 $'000	**2021 $'000**
Statement of profit or loss and other comprehensive income:		
Surplus after income tax	1,309	2,188

	Parent	
	2022 $'000	**2021 $'000**
Committed at the reporting date but not recognised as liabilities, payable:		
Current Assets	44,239	31,431
Total Assets	54,245	44,111
Current Liabilities	(32,824)	(21,271)
Total Liabilities	(34,491)	(22,794)
Equity	19,753	21,316

Note 28. Reconciliation of (deficit)/surplus after income tax to net cash from operating activities

	Consolidated	
	2022 $'000	**2021 $'000**
(Deficit)/surplus after income tax expense for the financial year	(990)	2,344
Adjustments for:		
Depreciation and amortisation expenses	1,596	1,367
Net gain on disposal of non-current assets	(30)	-
Share of profit of associate	(17)	-
Loss on revaluation of land and buildings	250	19
Change in operating assets and liabilities:		
Increase in trade and other receivables	(9,896)	(1,489)
(Decrease)/increase in inventories	(49)	52
Increase in biological assets	(218)	(670)
Increase in trade and other payables	608	1,849
Increase/(decrease) in contract liabilities	11,168	(1,257)
(Decrease)/increase in provision for income tax	(56)	56
(Decrease)/increase) in employee benefits	(137)	385
Net cash from operating activities	2,229	2,656

Note 29. 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 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Greening Australia Ltd (Parent Entity)	Australia	-	-
Greening Australia (QLD)	Australia	100%	100%
Greening Australia - Sandalwood Australia Co Pty Ltd	Australia	40%	40%
Nindethana Seed Service Pty Ltd	Australia	100%	100%
Greening Australia Vegetation Management Trust	Australia	100%	100%
Australian Carbon Biosequestration Initiative Ltd	Australia	100%	100%
Canopy Nature Based Solutions Pty Ltd	Australia	100%	100%
SeedX Pty Ltd	Australia	51%	-

Biodiverse Carbon Conservation Pty Ltd changed name to Canopy Nature Based Solutions Pty Ltd during the financial year.

Note 30. Information and declaration to be furnished under the Charitable Fundraising Act 1991

	2022	2021	Change, $	Change, %
Gross proceeds from fundraising	3,365,854	3,730,297	(364,443)	(10%)
Wages	(275,721)	(309,155)	33,434	(11%)
Consultants	(65,230)	(75,064)	9,834	(13%)
Subscription fees	(6,292)	(8,255)	1,963	(24%)
Promotion materials	(7,184)	(114,868)	107,684	(94%)
Bank fees	(10,627)	(9,714)	(913)	9%
Other expenses	(63,161)	(37,469)	(25,692)	69%
Net fundraising revenue	2,937,639	3,175,772	(238,133)	(7%)

Note 31. Events after the financial year

No matter or circumstance has arisen since 30 June 2022 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.

Greening Australia Ltd and controlled entities
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standards - Simplified Disclosures, 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 2022 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

27 October 2022

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor's Report

To the Members of Greening Australia Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Greening Australia Ltd (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 Ltd 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 2022 and of its financial performance for the year then ended; and

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 Registered Entity 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 2022, 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 Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 Registered Entity'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 Registered Entity'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 Registered Entity 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.

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, 27 October 2022