Carbon Neutral Charitable Fund Ltd
(ABN 99 124 696 966)

Directors' Report and

Annual Financial Statements

For the Year Ended 30 September 2014

Issued: December 2014

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GLOSSARY

ACNC	the Australian Charities and Not-for-Profits Commission
ASIC	the Australian Securities and Investments Commission
ATO	the Australian Taxation Office
CFI	Carbon Farming Initiative
the "Company"	Carbon Neutral Charitable Fund Ltd
CNC Fund	Carbon Neutral Charitable Fund Ltd
CNPL	Carbon Neutral Pty Ltd
DPAW	WA Department of Parks and Wildlife
DGR	Deductible Gift Recipient
GST	Goods and Services Tax
MOTT	Men of the Trees
REO	Register of Environmental Organisations
VCU	Voluntary Carbon Units
VER	Verified Emissions Reductions

DIRECTORS' REPORT

Your directors present this report on the company, Carbon Neutral Charitable Fund Ltd (CNC Fund), for the year ending 30 September 2014.

Review of Operations

This is Carbon Neutral Charitable Fund Limited's (formerly Carbon Neutral Limited) seventh Annual Report.

The Directors are pleased to be able to report on sound progress against our mission: to assist the broader community adopt a more sustainable approach to a healthy environment and minimise greenhouse gas emissions.

We have made strong progress toward achieving cost-efficiencies in both management, administration and revegetation projects through the re-structure. Our planting projects have shifted from high cost, small, fragmented sites to larger-scale projects that deliver measurable outcomes in creating habitat for the flora, insects, birds and other animals.

i) Re-structure:

The company re-structure, with sale of the business name to Carbon Neutral Pty Ltd in August 2013, has resulted in a significant reduction in administration and overhead costs for Carbon Neutral Charitable Fund (CNC Fund). The cost reduction has been achieved through shared office space and reduced management expense.

As a result, we are pleased to report that seventy-three cents in every dollar spent in 2013-14 was on revegetation related activities.

CNC Fund and Carbon Neutral Pty Ltd (CNPL) have independent boards.

ii) Revegetation Activities

A major benefit of the re-structure is the positive collaborative arrangement with CNPL's shareholder, Auscarbon Pty Ltd. Auscarbon has successfully established over 18 million trees across nearly 10,000 hectares of marginal and degraded farmland in the Mid West, as part of its biodiverse reforestation carbon sink program.

Contract plantings with Auscarbon has given CNC Fund guaranteed results, at relatively low cost, through economies of scale, and a focus on a planting corridor that links with remnant bush and nature reserves. The *Yarra Yarra Biodiversity Corridor* is in a region where over 90 per cent of land has been cleared for farming, but where much of it is now marginal and degraded. We have contracted to plant 736 hectares in the *Yarra Yarra Biodiversity Corridor* in 2015.

With support from the Australian Government's Biodiversity Fund, and our planting partners and landowners (Auscarbon), we're going beyond carbon capture and also measuring the impact on flora and fauna in restoring woodland habitat on sites in the *Yarra Yarra Biodiversity Corridor*. The biodiversity base-line survey commenced in the Spring of 2014. Coordinated by Insight Ecology, Stage 2 will be undertaken in the autumn of 2015, with the assistance of Jenny Borger Botanical Consultant and Spineless Wonders.

Our Urban Reforestation planting programs are also important. We planted 8 hectares for restoration of Carnaby's Black Cockatoo habitat in partnership with Kaarakin Black Cockatoo Conservation Centre and DPaW. A similar area will be planted in 2015.

We are planning a collaboration with Men of the Trees' in their '100,000 Tree Challenge' in 2015.

iii) Education

Environmental education is an important part of what we do. We will be launching a new website in early 2015 which will provide us with the capability to up-date information in-house and overtime, incorporate more interactive elements.

We want to facilitate better gathering and dissemination of science-based communication and knowledge within the community on environmental topics such as practical measures people can take to improve energy efficiency, reduce carbon emissions, improve water use efficiency, reduce waste and protect and restore biodiversity.

Operating Results

The total comprehensive loss of the Company for the year amounted to $20,950 (2013: Loss $460,390).

Principal Activities

CNC Fund principal activities are:

- Management of revegetation projects as a viable abatement option to achieve co-benefits of carbon sequestration, biodiversity conservation and natural resource management
- Production and sale of biodiverse reforestation offset products
- Education - Raising community awareness and providing web-based resources to enable businesses and households to reduce energy consumption and offset emissions

Significant changes in the state of affairs

No significant changes occurred during the year.

After Balance Date Events

The Company has won a tender to supply carbon emission offsets services for RAC members on an opt-in basis. The program will be launched in early 2015 with substantial integrated marketing and communications support through a variety of marketing channels by the RAC.

No other matter has arisen since the end of the year that will or may significantly affect:

(i) the company's operations in future financial years or

(ii) the results of those operations in future financial years, or the company's state of affairs in future financial years

Environmental Performance

CNC Fund is seeks to minimise its environmental impact. We measure, reduce and offset our office and travel emissions, and minimise our paper usage. We actively participate in the Travel Smart CitySwitch programs.

Distributions to members during the year

No dividends or distributions were recommended, declared or paid to members during the year. The company is a non-profit company and its Constitution does not allow payments including dividends, bonuses or distributions of profit, directly or indirectly, to members, officers, servants, agents or employees other than as reasonable remuneration for services actually rendered.

Directors

The names of each person who has been a director during the year to the date of this report are:

Name	Date Appointed	Date Resigned
Ian Rawlings (Chairman)	Apr 08	
Chris Ferreira	Apr 08	
Brian Wickins	Apr 08	
Jeff Bremer	May 11	
Rhonda Hardy	Oct 11	
Richard West	Aug 13	

Directors have been in office since the beginning of the financial year unless otherwise stated.

Meetings of Directors

During the financial year, four meetings of directors were held. Attendances by each director during the year were as follows:

	Board Meetings		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Ian Rawlings (Chairman)	5	4		
Chris Ferreira	5	2		
Brian Wickins	5	4		
Jeff Bremer	5	3	1	1
Rhonda Hardy	5	3	1	1
Ric West	5	4	1	1

Information on Directors

Ian Rawlings (Chairman)

Chairman since July 2011. Ian has been a Men of the Trees (MOTT) member for 9 years and was on the MOTT board for 7 years. He came into MOTT via City Farm where he and his wife Linda worked on the Save City Farm campaign team, which secured for MOTT a 40 year peppercorn lease over that prime East Perth property. He has a lifelong passion for things environmental and especially sustainable building. In his day job Ian is the CEO for Central Desert Native Title Services Ltd which is a group of people committed to seeing the Aboriginal people of central WA gaining (western) property rights over their ancestral country.

Chris Ferriera

Chris has been a past Vice President and Board member of Men of the Trees and is a founding member of the Revegetation Team Management Committee. Chris has a degree in forestry with specialist training in landcare planning and design. Since 1999 he has run his own Landcare and Sustainability business, Landcare Solutions, which has designed and delivered WA's largest community environmental education program including the highly successful Heavenly Hectares, Property Planning and Great Gardens program. Chris specialises in environmental journalism, education and advocacy in sustainability.

Brian Wickins

Born in rural England, Brian had a strong bond with the countryside from an early age. Following a 10 year career in rubber and plastics engineering, design and manufacture, Brian emigrated to Australia in 1983. His interest in technology led him into publishing. In 1992 he formed Resolutions, with his partner Adriana, to provide specialist publishing and communication services to the Australian resource sectors. Their company has been CNC Fundsince 2007. In 2005 they purchased 110 acres in Donnybrook to breed goats and sheep. Joining the boards of CNC Fundand MOTT in 2007, he brings commercial, management and communication skills to the organisations.

Jeff Bremer (BEng (Hons) PhD, FIEAust)

Jeff is a Principal Engineer with SKM and a practice leader in Slurry Transport, and Piping and Pumping systems, with special expertise in strategic analysis of GHG emissions and energy policy. He has also lead remote area energy studies for locations in the Indian Ocean. Jeff is a Fellow of the Institute of Engineers Australia, and is a member of the Mechanical and Education subcommittees of Engineers Australia (WA). He also is on the Industry Advisory Board for the University of Western Australia.

Rhonda Hardy (BBus)

Chief Executive Officer for the Shire of Kalamunda and former Director of Regional Services for the Eastern Metropolitan Council, Rhonda has a solid background in strategy and management for government departments. Rhonda has worked across a broad spectrum of successful environmental development projects and initiatives, including Perth Solar City project, the Cities for Climate Protection Program, the international ICLEI Local Action for Biodiversity Project, renewable energy procurement, water conservation plans and Travelsmart green travel plans.

Richard West (BA, MAcc, MSc(Mineral Economics), JP, FCPA, FIPA,GIA(Cert))

Ric West is the Chief Financial Officer with Central Desert Native Title Services Ltd. An accountant with extensive experience with Not-For-Profit organisations, Ric has previously served as a Director of the Company. Ric is one of the Trustees of the Company's Gift Fund.

Company Secretary

Mr. Richard West held the position of company secretary throughout the year and to the date of this report.

Indemnifying Officers or Auditor

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the company. The company holds an Association liability insurance policy with QBE Insurance (Australia) Limited which includes Director's and Officer's as well as Professional Indemnity insurance.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the Year.

Auditor's Independence Declaration

The company's auditor is BDO Audit (WA) Pty Ltd. The audit for the Year ended 30 September 2014 will be inserted in the financial statements on completion.

Signed in accordance with a resolution of the board of directors.

Ian Rawlings – Chairman
Perth, Western Australia

Dated: December 2014

AUDITOR’S DECLARATION OF INDEPENDENCE

To Be Inserted

DIRECTORS' DECLARATION

For The Year Ended 30 September 2014

The directors of the Company declare that:

1) The financial statements and notes, as set out in the following pages, are in accordance with the *Corporations Act 2001,* including:

    a) comply with applicable Accounting Standards and the *Corporations Regulations 2001*; and

    b) give a true and fair view of the financial position as at 30 September 2014 and of the performance for the year ended on that date of the Company.

2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

Ian Rawlings – Chairman
Perth, Western Australia
Dated: December 2014

INDEPENDENT AUDITOR'S REPORT

To Be Inserted

BALANCE SHEET

As At 30 September 2014

	Note	30-Sept-14 $	30-Sept-13 $
Current Assets			
Cash and cash equivalents	6	**268,741**	**310,415**
Trade and other receivables	8	**168,770**	**146,058**
Inventory	9	**-**	**3,017**
Other current assets	10	**5,430**	**2,185**
Land held for sale	11	**175,000**	**275,000**
Total Current Assets		**617,941**	**736,675**
Non Current Assets			
Property, plant and equipment	12	**-**	**11,196**
Total Non Current Assets			**11,196**
Total Assets		**617,941**	**747,871**
Current Liabilities			
Trade and other payables	13	**23,353**	**163,793**
Provisions and accruals	14	**169,459**	**137,999**
Total Current Liabilities		**192,812**	**301,792**
Total Liabilities		**192,812**	**301,792**
Net Assets		**425,129**	**446,079**
Equity			
Member's funds - Reserves		**962,580**	**962,580**
Retained earnings		**(537,451)**	**(516,501)**
Total Equity		**425,129**	**446,079**

The accompanying notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 September 2014

	Note	30-Sept-13 $	30-Sept-13 $
Revenue from continuing operations	4	**584,394**	**1,078,361**
Interest income	4	**4,461**	**4,832**
Planting costs	5	**(380,821)**	**(243,625)**
Non Tree COS (VERs, VCUs, Consulting, Auscarbon)		**(27,082)**	**(317,030)**
Rent, rates and services		**(2,742)**	**(53,354)**
Office expenses		**(9,058)**	**(33,299)**
Operating expenses		**(13,825)**	**(47,675)**
Employment expenses		**(87,822)**	**(480,941)**
Professional services		**(77,033)**	**(37,659)**
Depreciation		**(11,422)**	**(95,000)**
Impairment losses in value of land held for sale		**-**	**(235,000)**
Net Profit/(Loss) before income tax		**(20,950)**	**(390,651)**
Income tax expense		**-**	-
Net Profit/(Loss) after income tax		**(20950)**	**(460,390)**
Other comprehensive income		**-**	**-**
Total comprehensive income (loss)		**(20,950)**	**(460,390)**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 September 2014

	Retained Earnings	General Reserves	Total
Balance at 30 September 2012	**(56,112)**	**962,580**	**906,468**
Loss for the year	(460,390)	-	(390,651)
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	(460,390)	-	(460,390)
Balance at 30 September 2013	**(516,501)**	**962,580**	**446,079**
Loss for the year	(20,950)	-	(20,950)
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	(20,950)	-	(20,950)
Balance at 30 September 2014	**(537,451)**	**962,580**	**425,129**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2014

	Note	30-Sept-14 $	30-Sept-13 $
Cash flows from operating activities			
Receipts from clients and donors		453,159	1,264,400
Interest received		4,461	4,832
Payments to employees and suppliers		(694,294)	(1,352,801)
Net cash inflow (outflow) from operating activities	7	**(236,674)**	**(83,569)**
Cash flows from investing activities			
Sale of land		195,000	255,000
Payments for property, plant and equipment			(2,105)
Net cash inflow (outflow) from investing activities		**195,000**	**252,894**
Cash flows from financing activities			
Proceeds from financing activities		-	-
Cash outflows for financing activities		-	-
Net cash inflow from investing activities		**-**	**-**
Net increase (decrease) in cash and cash equivalents		**(41,674)**	**169,325**
Cash and cash equivalents at the beginning of the financial year	6	310,415	141,090
Cash and cash equivalents at the end of the financial year	6	**268,741**	**310,415**
Net increase (decrease) in cash and cash equivalents		**(41,674)**	**169,325**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 September 2014

1. THE REPORTING ENTITY

Carbon Neutral Charitable Fund Ltd is a public company limited by guarantee. It was incorporated under the *Corporations Act 2001* on 30 March 2007 and is domiciled in Australia. The company changed its name from Carbon Neutral Ltd on 8 August 2013.

The financial statements cover the company as an individual entity.

The Registered and Business address of the Company is:
Unit 9, 7 Hector St West, Osborne Park, WA 6017

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT

Date of Issue
These financial statements were authorised for issue by the Directors on 22 December 2014. The directors have the authority to amend the financial statements after that date.

Basis of Accounting
The financial statements is a general purpose financial statements that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Corporations Act 2001*, the Regulations and the company’s constitution.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The statements are prepared on an accruals basis from the records of the company. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The report is presented in Australian dollars ($AUD) and are rounded to the nearest dollar.

Going Concern
The accounts have been prepared on a going concern basis. The Company is reliant on continued donations from organisations and individuals for support. There is uncertainty surrounding whether donations received will be able to cover costs incurred.

The ability of the Company to continue as a going concern is dependent upon the Company receiving enough donations to meet the Company’s expenditure commitments.

Voluntary offsets are a highly discretional spend and uncertainties around the carbon price has resulted in a number of other long-standing clients questioning whether they will be ‘paying twice’ with voluntary offset purchases and expected increased input costs with the ‘carbon tax’ flow through. However, we continue to attract many new business clients. This is being driven by ‘green’ supply chain pressures and a desire by organisations to become environmentally responsible.

The important structural change in the market has been the repeal of the Clean Energy Legislation (Carbon Tax Repeal) Act 2014 in July 2014. The wind-up of the compliance market should see some large emitters undertake carbon abatement and offset all or part their emissions on a voluntary basis.

Economic Dependence

The ability of the company to continue as a going concern is dependent upon continued support from donors. At the date of this report the directors have no reason to believe that donors will not continue to fund the operations of the company.

Adoption of new Australian Accounting Standard requirements

Reference	Title	Nature of Change	Application date of standard	Impact on Carbon Neutral's financial statements	Application date for Carbon Neutral
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30September 2016. The Company has not yet made an assessment of the impact of these amendments.	1 October 2015
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the [Company]'s returns from investee. • Introduces the concept of 'de-facto' control for entities with less than 50% ownership interest in a Company, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 September 2014, there will be no impact on transactions and balances recognised in the financial statements because the Company does not have any special purpose entities. The Company does not have 'de-facto' control of any entities with less than 50% ownership interest in a Company.	1 October 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 September 2014, there will be no impact on transactions and balances recognised in the financial statements because the Company has not entered into any joint arrangements.	1 October 2013

AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 October 2013
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 September 2014, additional disclosures will be required about fair values.	1 October 2013
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 September 2014 year end, annual leave liabilities will be recalculated on 1 October 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 September 2012, and a corresponding increase in retained earnings at that date	1 October 2013
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.	Periods commencing on or after 1 January 2012	The Company does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.	1 October 2012
AASB 2011-4 (issued July	Amendments to Australian	Amendments to remove individual key management	Annual periods commencing on	When this standard is first adopted for	1 October 2013

2011)	Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the *Corporation Act 2001*	or after 1 July 2013	the year ended 30 September 2014 the Company will show reduced disclosures under Key Management Personnel note to the financial statements	
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 *Inventories* if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met.	Annual periods commencing on or after 1 January 2013	The Company does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 October 2013
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32) e.g.: AASB 116 clarifies that items such as spare parts, stand-by or service equipment are required to be classified as property, plant and equipment and not inventory	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 September 2014, there will be no material impact.	1 October 2013
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 October 2015
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills In Australia* from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the *Corporations Act 2001* or other general purpose financial statements.	Annual reporting periods beginning on or after 1 January 2013	There will be no impact on first-time adoption of this amendment as the Company does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.	1 October 2013

Comparatives
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Financial Instruments
Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De-recognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement
Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments
The company does not deal with or hold derivative instruments.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

Inventories
Inventories stated at the lower of cost and net realisable value. Cost is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Investments (financial assets)
Available-for-sale financial assets
All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Recognition
Financial assets are initially measured at cost of trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing-value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are based on the ATO’s estimated useful life for the class of assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets

Software

Software developed specifically for the company is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and two years. It is assessed annually for impairment. All other software is expensed as it is purchased.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Borrowings

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

All other borrowing costs are recognised in income in the period in which they are incurred.

Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Donation Revenue

Donation revenue is recognised in the Statement of Comprehensive Income when it is received through the gift fund bank account. When there are conditions attached to the donation revenue relating to the use of those donations for specific purposes it is recognised as a liability until such time as those conditions are met or the services provided.

Sale of Services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is presently recoverable.

Sale of Goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest

Interest revenue derives from interest on funds held on deposit and are recognised when they are received. Other interest received is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Taxation

Charitable Institution

The Company is registered with the Australian Charities and Not-for-Profits Commission (ACNC) as a Charitable Institution and is endorsed by the Australian Taxation Office (ATO) as eligible for the following concessions:

(i) FBT rebate;
(ii) GST concession;
(iii) Income taxation exemption.

The Company is listed on the Department of the Environment's Register of Environmental Organisation (REO) and is therefore endorsed as a Deductible Gift Recipient (DGR). Donations of $2 or more are tax deductible.

No change in its tax status as a result of activities undertaken during the year is likely.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a net basis.

Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Trade Debtors and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Critical Accounting Estimates and Judgments

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 entity's accounting policies. The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.The Directors consider the following to be critical estimates and judgements in applying the Company's accounting policies.

Under the landowner contracts, the Company may be liable for payment to landowners upon the successful completion of the planting process. It is assumed that in each case the planting obligation will be met and the full amount paid to the respective landowners.

	30-Sept-14 $	30-Sept-13 $

4. Revenue

	30-Sept-14 $	30-Sept-13 $
From operating activities:		
Donations received for trees	**190,281**	625,516
Donations received for VERs and VCUs	**-**	154,511
Major business offsets	**154,872**	124,035
Ecards	**-**	6,090
Carbon consulting	**6,090**	56,430
Contract planting	**24,043**	-
Other income	***204,003**	
	5,105	111,780
Total revenue	**584,394**	**1,078,361**

	30-Sept-14 $	30-Sept-13 $
Interest received	**4,461**	4,832
Total interest revenue	**4,461**	4,832

5. Major planting expenses

	30-Sept-14 $	30-Sept-13 $
Planting establishment	**269,036**	82,333
Infill Costs	**-**	-
Monitoring costs	**41,271**	11,647
Caveats and covenants	**10,838**	8,125
Landholder expense payments	**54,150**	97,438
Land-holding costs	**5,526**	44,082
Total planting expenses	**380,821**	243,625

* Other Income

Grant Funding	**126,730**
Gain on land sale	**77,273**
	204,003

	30-Sept-14 $	30-Sept-13 $

6. Cash and cash Equivalents

Cash on hand	**145**	200
Cash at bank - Operating	**225,929**	262,590
Cash at bank - Term deposit	**-**	191
Cash at bank - Cash reserve	**33,972**	38,956
Cash at bank - United Guarantee	**8,695**	8,312
Cash held with Carbon Trade Exchange	**-**	166
	268,741	310,415

7. Reconciliation of profit after income tax to net cash inflow from operating activities

Net Income before income tax	**(20,950)**	(460,389)
Non cash flows included in profit:		
Impairment losses on land held for sale	**-**	235,000
Depreciation- loss on disposal of plant	**11,196**	2,770
Changes in operating assets and liabilities:		
Increase in trade and other receivables	**(39,254)**	46,073
Decrease/(Increase) in inventory	**3,017**	141,633
Increase in provisions	**31,460**	(152,317)
Increase in GST payable	**16,403**	(3,878)
Decrease in current trade & other payables	**(143,546)**	107,539
Prior year adjustments	**-**	-
Net cash inflow (outflow) from operating activities	**(236,674)**	(83,569)

8. Trade and Other Receivables

Current		
Trade debtors	**-**	7,501
Grants and Receivables	**50,000**	-
GST receivable	**-**	13,297
Prepaid landowner incentives	**118,770**	125,260
	168,770	146,058

The maximum exposure is 100% of debtors. Due to the short term nature of the receivables their carrying value approximates their fair value.

	30-Sept-14 $	**30-Sept-13 $**

9. Inventory

Current		
Stems AusCarbon	**-**	-
VERs and VCUs	**-**	3,017
	-	3,017

10. Other Current Assets

Current		
Prepayments	**5,430**	2,185
	5,430	2,185

11. Land held for sale

Land at cost	**225,000**	821,796
Less provision for diminution in value	**50,000**	(546,796)
	175,000	275,000

a. Movements in carrying amounts

2013		
Balance at 1 Oct 2012	765,000	1,076,796
Sale of land	(25,500)	-
Impairment	(22,500)	(311,796)
Carrying amount at 30 September 2013	**275,000**	**765,000**
2014		
Sale of land	(195,000)	(160,000)
Impairment	95,000	(235,000)
Carrying amount at 30 September 2014	175,000	**370,000**

The property at Katanning is on the property market as a lifestyle block. The property at Boxwood Hill was sold during the Financial Year.

	30-Sept-14 $	**30-Sept-13 $**

12. Property, Plant and Equipment

	30-Sept-14 $	**30-Sept-13 $**
Furniture & Fixtures:		
Furniture & fittings at cost	**0**	13,019
Less: accumulated depreciation	**0**	(5,495)
	0	7,524
Computer Software:		
Computer software at cost	**0**	42,224
Less: accumulated depreciation	**0**	(42,224)
	0	-
Office equipment:		
Office equipment at cost	**0**	26,060
Less: accumulated depreciation	**0**	(22,388)
	0	3,672
Total Property, Plant and Equipment	**0**	11,196

a Movements in carrying amounts

2013	**Furn & Fittings**	**Office Equip**	**Total**
Balance at 1 Oct 2012	9,107	2,754	11,861
Additions	-	2,105	2,105
Depreciation	(1,583)	(1,187)	(2,770)
Carrying amount at 30 September 2013	**7,524**	**3,672**	**11,196**

2014	**Furn & Fittings**	**Office Equip**	**Total**
Balance at 1 Oct 2013	7,524	3,672	11,196
Additions	-	-	-
Depreciation	(5,675)	(1,609)	(7,284)
Loss on disposal	(7,524)	(3,672)	(11,196)
Carrying amount at 30 September 2014	**-**	**-**	**-**

	30-Sept-14 $	30-Sept-13 $

13. Trade and Other Payables

Trade creditors	**18,068**	111,950
Credit card	**-**	760
Accrued annual leave	**1,239**	37,295
Superannuation	**271**	6,633
PAYG Withholding	**-**	7,208
GST payable	**3,106**	
Other	**669**	
	23,353	163,793

The accruals for annual leave are presented as a current obligation, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave within the next 12 months. The expected cash out flow timing is anticipated to be within one year. The Company has no policy whereby employees are required to take their accrued leave each 12 months.

14. Provisions and Accruals

Audit fee provision	**12,000**	11,000
Landowner incentives accrued	**157,459**	126,999
	169,459	137,999

Landowner Incentives to be paid to landowners for caretaking the trees sequestering the carbon

15. Remuneration of auditors

The company's auditor is BDO. During the year an amount of $11,220 was paid to the auditor for audit services provided in the 2013 financial year.

In addition, $12,000 was accrued for services provided in the 2014 financial year.

16. Key management personnel disclosures

The key management personnel comprise the Directors identified in the Director's report and the following management staff:

Position:

Executive Director	Ray Wilson

Remuneration of Key Management Personnel

Total remuneration paid (salary)	**31,379**	150,000
Contract management fee through Insight Marketing & Management Trading Trust	**28,080**	-

The above amounts include compulsory superannuation.

Director's are volunteers and have no beneficial interest in the company. No remuneration or compensation was made to the Directors during the year.

	30-Sept-14 $	30-Sept-14 $
Related party transactions		
Men of the Trees	**200**	221,928

At 30 September 2014, Chris Ferreira was a director of CNC Fund and also a director of Men of the Trees.

Directors and other related parties did not receive any payments by way of salaries or through contractual arrangements.

18. Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements relate to the office in Osborne Park, which CNC Fund moved to in June 2012. Rental lease arrangements include market review clauses. The Current lease expires on 17 June 2015 but is being transferred to Carbon Neutral Pty Ltd.

Planting Commitments

There were no planting commitments outstanding at year end.

Payments due include Rent and Outgoings.

	Expiring	Within 1 Year	1 to 2 years	2 to 5 years
Hector Street Osborne Park	17/06/2015	-	-	-

19. Contingent Liabilities

Service obligation amounts in respect to landowner incentive payments are accrued annually up to payment of those incentives.

There is a contingent liability for un-accrued amounts as set out below.

	2015	2016	2017	2018
Landowner incentive payments	14,528	14,250	11,195	9,195

20. Financial Instruments

Instrument	Floating		Non Interest bearing		Total		Effective Interest rate	
	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	%	%
Cash resources	268,351	310,214	390	200	268,741	310,414	0.015%	-
Trade debtors	-	-	-	4,801	-	4,801	-	-
Total	**268,351**	**310,214**	**390**	**5,001**	**268,741**	**315,215**		

Instrument	Floating		Non Interest bearing		Total		Effective Interest rate	
	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	%	%
Trade & other payables	-	-	18,068	111,961	18,068	111,961	-	-
Total	**-**	**-**	**111,961**	**111,961**	**18,068**	**111,961**		

21. Member Guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of $1 each towards to the property of the company for payment of the debts and liabilities of the company.

At 30 September 2014 the number of members was 57.