



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

**Directors' Report and
Annual Financial Statements
For the Year Ended 30 September 2016**

Issued: 19 January 2017

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GLOSSARY

AASB	the Australian Accounting Standards Board
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

CORPORATE DIRECTORY

Name	Carbon Neutral Charitable Fund Ltd
ABN	99 124 696 966
Incorporation Date	30 March 2007
Current Directors	Mr Ian Rawlings (Chairman) Mr Chris Ferreira Mr Brian Wickins Dr Jeff Bremer Ms Danelle Baxter Ms Denise True Mr Richard West Mr Ray Wilson Ms Rhonda Hardy (retired Oct 2016)
Company Secretary	Mr Richard West
Executive Director	Mr Ray Wilson
Registered Address	4 Norfolk House, 85 Forrest Street, Cottesloe WA 6011
Telephone	1300 857 970
Email	admin@cncf.com.au
Auditor	Ray Woolley, Ray Woolley Pty Ltd, Registered Company Auditor No. 16396

DIRECTORS' REPORT

Your directors present this report on the company, Carbon Neutral Charitable Fund Ltd (CNC Fund) formerly Carbon Neutral Ltd), for the year ending 30 September 2016.

Directors

The names of every person who has been a director during the year to the date of this report is listed:

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	
Fiona Henham	Jan-15	Feb-16
Danelle Baxter	Dec-15	
Ray Wilson	Dec-15	
Denise True	Feb-16	

Meetings of Directors

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

Director	Eligible to attend	Attended
Ian Rawlings (Chairman)	6	5
Ric West (Company Secretary)	6	5
Danelle Baxter	5	5
Jeff Bremer	6	5
Chris Ferreira	6	2
Rhonda Hardy	6	4
Fiona Henham	2	0
Denise True	4	4
Brian Wickins	6	4
Ray Wilson (Executive Director)	5	5

Information on Directors

Ian Rawlings (Chairman)

Chairman since July 2011. Ian has been a Men of the Trees (MOTT) member for 11 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 offsetting with CNC Fund since 2007. In 2005 they purchased 110 acres in Donnybrook to breed goats and sheep. Joining the board of CNC Fund in 2007 and on the MOTT Board 2007-13, he brings commercial, management and communication skills to the organisation.

Jeff Bremer (BEng (Hons) PhD, FIEAust)

Jeff is a Principal Engineer specialising in Slurry Transport, and Piping and Pumping systems, with special expertise in strategic analysis of GHG emissions and energy policy. He has also led 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)

Rhonda is 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. She 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 recently resigned as the Chief Financial Officer for Central Desert Native Title Services Ltd to return to his private audit practice. 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.

Denise True BSc, MIPL

Denise has a comprehensive knowledge of the legislation and policy for biodiversity conservation, natural resource management, restoration and environmental protection in Western Australia. She is a longstanding member of the Threatened Ecological Communities Advisory Committee. Denise provides strategic advice for conservation and environmental projects and has worked for commercial, government and non-government organisations at local, state and international levels. Denise has a Bachelor of Science and a Masters of Intellectual Property Law with a focus on Traditional Knowledge.

Danella Baxter BA, MLS

Now retired, Danella has 25 years experience in the oil and gas industry across a variety of roles spanning policy, government and public affairs and managing social investment programs. Her skills include expertise in conceiving and executing internal and external communications strategies; tailoring social investment programs to meet corporate objectives; and issues management.

Ray Wilson BAg Econ, MBus (Mktg)

Ray joined Carbon Neutral Ltd as CEO in 2010 to get involved in the emerging low carbon market and drive opportunities to re-vegetate unproductive farmland through development of reforestation carbon sinks. He has a diverse background in the agricultural and agribusiness sectors. This includes agribusiness consulting; executive and board member positions with a number of farmer organisations; as well as a major corporate cattle and farming operation. More recently, he has held a State Manager position in the rural banking division of a major agribusiness service organisation.

Company Secretary

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

Operating Results

The total comprehensive income of the Company for the year amounted to a profit of \$117,745 (2015: Loss \$32,796).

Principal Activities

CNC Fund principal activities are:

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

CNCF is registered with ACNC, the Register of Environmental Organisations and holds a Collections Licence with the Western Australian Department of Commerce.

Significant changes in the state of affairs

No other significant changes occurred during the year.

After Balance Date Events

No matters have 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

The Company is not subject to any particular and significant environmental regulations under Commonwealth, State or Territory law.

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.

Review of Operations

This is Carbon Neutral Charitable Fund Limited's ninth Annual Report. The company recorded a profit for the year under review of \$117,745. Our cash surplus for the year under review was \$151,002.

This surplus will be allocated to the 2017 tree planting programme.

Monitoring of our 1,032 hectare plantings of 2014 and 2015, in partnership with Auscarbon Pty Ltd, showed good overall outcomes in both high carbon sequestration and ecosystem restoration. Our Urban Reforestation Program, in partnership with Men of the Trees, resulted in 8,180 trees planted at Guildford Meadow (Whiteman Park). For our 2014 (10,000 tree) Kaarakin Black Cockatoo Conservation planting in the Perth Hills, tree guards were removed and cotton bushes removed. For 2017, catchment revegetation work for long standing client, Water Corporation, is planned.

Our major rural project for 2017 will be an 80 hectare Eucalypt woodland system restoration planting at Badgebup, east of Katanning. This 404 hectare former cropping/grazing property was purchased by CNCF in 2010, and 143 hectares planted in 2010 and 2011.

We were delighted to release a summary report of our 2014-15 Biodiversity Survey, Biodiversity Works - The Hill View Story, as a resource kit to high school biology teachers. This biodiversity monitoring program will continue in 2017 under a PhD Doctorate research partnership with Murdoch University. We hope to also involve our client, Perth Zoo.

CNCF was chosen by Charles Sturt University to supply offsets for their Employee Giving Program and RAC chose us for offsetting their fleet.

On the global front, there was a positive outcome from the Paris Climate Summit last December. Not only for emission reduction targets, but recognition of the need to leave forests standing and promote reforestation as one of the simplest and most cost-effective ways to address climate change. A coalition of big businesses announced plans to stabilise forest cover by 2030 and restore forest cover to 1990 levels by 2050, equivalent to a 10 per cent increase on the current level of global forest cover.

A CSIRO report, 'Australian National Outlook 2015' concluded Australia can reduce its greenhouse gas emissions significantly through energy efficiency and a shift to low carbon energy supplies. A net zero emission economy will, however, require carbon farming to offset residual emissions. Carbon farming, which is sequestering carbon from the atmosphere by restoring vegetation on unproductive farmland, could account for 30% to 40% of Australia's carbon abatement. It is acknowledged that this could also assist in controlling erosion, address dryland salinity and restore native habitat.

We are pleased to welcome two new Directors in Danelle Baxter and Denise True who together bring a diverse skill set to the Board. Ray Wilson, the company's CEO since 2010, was appointed to the role of Executive Director.

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 Allianz Australia Insurance Ltd 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 Ray Woolley Pty Ltd.

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



Ian Rawlings – Chairman
Perth, Western Australia
19 January 2017

The Board of Directors
Carbon Neutral Charitable Fund Ltd
4 Norfolk House
85 Forrest Street
Cottesloe
WA 6011

Dear Directors

DECLARATION OF INDEPENDENCE BY RAY WOOLLEY TO THE DIRECTORS OF CARBON NEUTRAL
CHARITABLE FUND LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 September
2016 there have been no contraventions of:

- i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to
the audit; and
- ii) any applicable code of professional conduct in relation to the audit.



Name of Firm: Ray Woolley Pty Ltd
Name of Auditor: Ray Woolley
Date: 19 January 2017
Address: 17 Russley Grove , Yanchep, WA 6035

FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

DIRECTORS' DECLARATION

For The Year Ended 30 September 2016

"In accordance with a resolution of the directors of Carbon Neutral Charitable Fund Ltd, the directors of the company declare that:

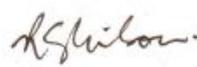
1. The consolidated financial statements and notes, as set out in the Financial Report are in accordance with the Corporations Act 2001, the Regulations and the company's constitution and:
(a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and,
(b) Give a true and fair view of the financial position of the consolidated group as at 30 September 2016 and of its performance for its operations as a whole for the year then ended."

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

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013 on behalf of the directors by:



Ian Rawlings, Chairman
Perth, Western Australia
19 January 2017



Ray Wilson, Executive Director
Perth, Western Australia
19 January 2017

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Report

We have audited the accompanying financial report of Carbon Neutral Charitable Fund Limited (the company) which comprises the statement of financial position as at 30 September 2016, the statement of profit or loss and other comprehensive income. Statement of changes in equity and comprises the statement of financial position as at 30 September 2016, the statement of profit or loss and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Carbon Neutral Charitable Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Carbon Neutral Charitable Fund Limited is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the company's financial position as at 30 September 2016 and of its performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.



Ray Woolley - Registered Auditor No 16396
Ray Woolley Pty Ltd
Dated: 19 January 2017

BALANCE SHEET

As At 30 September 2016

	Note	Sep-16 \$	Sep-15 \$
Current Assets			
Cash and cash equivalents	6	420,798	269,796
Trade and other receivables	8	2,217	11,828
Inventory	9	-	-
Other current assets	10	1,757	2,058
Land held for sale	11	130,000	130,000
Total Current Assets		554,771	413,682
Non-Current Assets			
Property, plant and equipment	12	183,750	208,250
Total Non-Current Assets		183,750	208,250
Total Assets		738,521	621,932
Current Liabilities			
Trade and other payables	13	16,815	9,315
Provisions and accruals	14	15,752	24,407
Total Current Liabilities		32,567	33,722
Total Liabilities		32,567	33,722
Net Assets		705,955	588,210
Equity			
Member's funds - Reserves		-	-
Retained earnings(losses)		705,955	588,210
Total Equity		705,955	588,210

The accompanying notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 September 2015

	Note	Sep-16 \$	Sep-15 \$
Revenue from continuing operations	4	403,691	427,637
Other income		4,004	4,096
		407,695	431,733
Less:			
Planting costs	5	(83,307)	(209,249)
Non planting COS		(7,560)	(14,378)
Rent, rates and services		(4,789)	(2,440)
Office expenses		(5,979)	(14,766)
Operating expenses		(11,421)	(9,966)
Employment expenses		(133,294)	(175,030)
Professional services		(19,101)	(14,200)
Depreciation		(24,500)	(24,500)
		(289,951)	(464,529)
Net Surplus/(Loss) before income tax		117,745	(32,796)
Income tax expense		-	-
Net Surplus/(Loss) after income tax		117,745	(32,796)
Other comprehensive income		-	-
Total comprehensive income (loss)		117,745	(32,796)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 September 2015

	Retained Earnings \$	General Reserve \$	Total \$
Balance at 30 September 2014	621,006	-	621,006
Loss for the year	(32,796)	-	(32,796)
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	(32,796)	-	(32,796)
Balance at 30 September 2015	588,210	-	588,210
Profit for the year	117,745	-	117,745
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	117,745	-	117,745
Balance at 30 September 2016	705,955	-	705,955

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2015

	Sep-16	Sep-15
	\$	\$
Cash flows from operating activities		
Receipts from clients and donors	405,343	595,973
Interest received	4,004	4,096
Payments to employees and suppliers	(258,345)	(599,013)
Net cash inflow/(outflow) from operating activities	151,002	1,056
Cash flows from investing activities		
Sale of land	-	-
Payments for property, plant and equipment	-	-
Sale of property, plant and equipment	-	-
Net cash inflow/(outflow) from investing activities	-	-
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	151,002	1,056
Cash at the beginning of the financial year	269,796	268,740
Cash at the end of the financial year	420,798	269,796
Net increase/(decrease) in cash	151,002	1,056

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 September 2016

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, listed with the Register of Environmental Organisations and registered with ACNC. The registered and business address of the Company is:

4 Norfolk House, 85 Forrest Street, Cottesloe, Western Australia 6011

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT

Date of Issue

These financial statements were authorised for issue by the Directors on 19 January 2017. The directors have the authority to amend the financial statements after that date.

Basis of Accounting

The financial statements are a general purpose financial statements that have been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012). 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.

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.

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.

The Company is dependent on the Water Corporation for a significant proportion of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Water Corporation will not continue to support the company.

Changes to Accounting Standards

AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

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 statement of comprehensive 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.

Trees

Trees held which have been received as part of the transaction are recorded at the fair value of the trees. Subsequent to the initial recognition, the trees are held at the amortised cost and depreciated over a unit of production 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.

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, however, due to various conditions in the contracts, payments may differ from the amounts recorded in the balance sheet.

The fair value of trees received has been assessed as the arm's length cost of planting trees based on a previous planting cost.

	30-Sep-16	30-Sep-15
	\$	\$
4. Revenue		
From operating activities:		
Donations received for trees	8,357	67,885
Donations received	47,505	22,523
Major business offsets	143,728	172,958
Ecards	8,695	3,399
Business Plant a Tree	97,559	46,774
Net grant funding	57,500	112,045
Other Revenue	40,348	2,053
	<u>403,691</u>	<u>427,637</u>
Other Income		
Interest received	4,004	4,096
	<u>4,004</u>	<u>4,096</u>
5. Major planting expenses		
Planting establishment	57,500	145,800
Monitoring costs	7,395	38,828
Caveats and covenants	3,929	11,148
Landholder expense payments	8,828	12,058
Landholder costs	5,655	1,415
	<u>83,307</u>	<u>209,249</u>
6. Cash and Cash equivalents		
Cash on hand	250	535
Cash at bank - Operating account	27,325	261,978
Cash at bank - Term Deposit	250,000	-
Cash at bank - Cash Reserve	143,223	7,283
	<u>420,798</u>	<u>269,796</u>

Term Deposits mature on 1 February 2017

7. Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	Sep-16	Sep-15
	\$	\$
Net Surplus/(loss) before income tax	117,745	(32,796)
Changes in operating assets and liabilities:	24,500	24,500
(Increase)/Decrease in trade and other receivables	9,665	165,336
(Increase)/Decrease in inventory	-	-
Increase/(Decrease) in provisions	(8,710)	(145,052)
(Decrease) in current trade & other payables	7,801	(10,932)
Prior year adjustments	-	-
Net cash inflow (outflow) from operating activities	<u>151,002</u>	<u>1,056</u>

	Sep-16 \$	Sep-15 \$
8. Trade and Other Receivables		
<u>Current</u>		
Trade debtors	220	-
Bond paid	-	3,000
Prepaid landowner incentives	-	8,828
Other receivable	1,996	-
	<u>2,217</u>	<u>11,828</u>

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

9. Other current assets

Prepaid insurance	<u>1,757</u>	2058
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10.

Land

Land at cost - Lot 6117 and Lot 7738 Shaw Road Badgebup	225,000	225,000
Diminution in value	(95,000)	(95,000)
	<u>130,000</u>	<u>130,000</u>

11. Property, Plant and Equipment

Trees at cost	245,000	245,000
Accumulated depreciation	(61,250)	(36,750)
	<u>183,750</u>	<u>208,250</u>

Movements in carrying amounts

2015	Trees	Total
Balance at 1 Oct 2014	232,750	232,750
Additions	-	-
Depreciation	24,500	24,500
Carrying amount at 30 Sep 2015	<u>208,250</u>	<u>208,250</u>

2016	Trees	Total
Balance at 1 Oct 2015	208,250	208,250
Additions	-	-
Depreciation	24,500	24,500
Carrying amount at 30 Sep 2016	<u>183,750</u>	<u>183,750</u>

	Sep-16 \$	Sep-15 \$
Related Party Transactions		
Men of the Trees Inc.	5,130	1,500

Men of the Trees (MOTT) is a Registered Environmental Charity.

At 30 September 2016, Chris Ferreira was a director of CNC Fund and also a director of MOTT.

Directors, other than Executive Director Ray Wilson, and other related parties did not receive any payments by way of salaries or through contractual arrangements. Mr Ferreira does not have a beneficial interest in MOTT.

16. Commitments

Operating Lease Commitments

There were no operating lease commitments at year end.

Planting Commitments

There were no planting commitments outstanding at year end.

17. 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

	2017	2018
Landowner incentive payments	9,107	9,264

18. Financial Instruments

	Cash at bank		Trade debtors	
	2016	2015	2016	2015
Floating	420,548	269,456	-	-
Non Interest bearing	250	340	-	-
Total	420,798	269,796	-	-

Effective Interest Rate %	0.015%	0.015%	-	-
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	Trade & Other Payables	
	2016	2015
Floating	-	-
Non Interest bearing	7,977	1,441
Total	7,977	1,441

19. 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 2016 the number of members was 56.

20. Events After the Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of the affairs of the company in future financial years.