



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

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**Directors' Report and  
Annual Financial Statements  
For the Year Ended 30 September 2015**

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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
VCU	Voluntary Carbon Units
VER	Verified Emissions Reductions

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# 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 2015.

## Review of Operations

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

The company recorded a deficit for the year under review of \$32,796. This follows a surplus of \$174,927 in 2014. Our cash surplus for the year under review was \$1,056.

The deficit is largely explained by extraordinary casual labour expenses associated with a new website, preparation of a significant tender, finalising landowner commitments, and pre-payment expenses for a consultancy project.

In 2014-15 we continued our revegetation work through a relatively large-scale cost-effective project to deliver multiple outcomes of high carbon sequestration and ecosystem restoration.. The 738 hectare contract planting program was undertaken in the *Yarra Yarra Biodiversity Corridor* in the Mid West region of Western Australia in partnership with Auscarbon. This is a region where over 90 per cent of land has been cleared for farming.

Our two 2014 plantings were successfully established. Both 184 hectare planting at *Hill View* in the *Yarra Yarra Biodiversity Corridor*. And a 38 hectare site urban community planting in partnership with Kaarakin Black Cockatoo Conservation Centre and DPaW. We estimate 90% of the 11,921 guarded seedlings survived the summer.

Part of our mission is community education. Creation of habitat for wildlife is a major benefit we promote in our revegetation work. This is something that is rarely measured and monitored by revegetation organisations. We are therefore pleased to have allocated part of our grant funding, under the Australian Government's Biodiversity Fund, to undertake a base-line biodiversity survey on a property in the *Yarra Yarra Biodiversity Corridor*. The diversity of bird, insect and plant species in small remnant patches of bush is amazing. We will return in a 2-3 years and measure the extent to which native flora and fauna has dispersed though the landscape via our plantings.

We registered 7 sites under the Emission Reduction Fund scheme, allowing us the opportunity to create Australian Carbon Credit Units (ACCUs) for sale into the auction or sale in voluntary market.

Our 2016 urban community planting will be at a *Guildford Meadows*, in partnership with Men of the Trees and Whiteman Park.

We were pleased to win a tender with the RAC for the supply of carbon offsets into their Member Carbon Offset Program as part of their Member Benefits offering. Special thanks to law firm Herbert Smith Freehills for their significant pro bono work in preparing the legal agreement. Our challenge now is to communicate to RAC members the complexities of emission reduction offsetting and the co-benefits story behind our internationally certified Gold Standard certified project.

We have revised our 'what we do' statement: We plant trees for our planet. Together, let's reduce our carbon footprint, restore the landscape, and revive biodiversity.

## Operating Results

The total comprehensive income of the Company for the year amounted to a loss of \$32,796 (2014: Profit \$174,927).

## 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

## Significant changes in the state of affairs

No other significant changes occurred during the year.

## After Balance Date Events

No matters 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	
Fiona Henham	Jan 15	

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

## Meetings of Directors

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

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

## Information on Directors

### *Ian Rawlings (Chairman)*

Chairman since July 2011. Ian has been a Men of the Trees (MOTT) member for 10 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 Ferreira*

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 Fund since 2007. In 2005 they purchased 110 acres in Donnybrook to breed goats and sheep. Joining the boards of CNC Fund and 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)*

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 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.

*Fiona Henham (BA, MSustainStdsClimPol(Curtin))*

Fiona is Contracts and Procurement Administrator with Shell and is based in Paris. She completed Master of Sustainability and Climate Policy at Curtin University in 2014 and was joint Workshop Facilitator and Event Coordinator Curtin University and City of Fremantle. Previous roles include English Teacher at University of Western Australia Centre for English Language Teaching; and teaching and public relations positions in London and Nigeria.

### **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 Ray Woolley Pty Ltd.

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



Ian Rawlings – Chairman  
Perth, Western Australia

Dated: 26 February 2016

## AUDITOR'S DECLARATION OF INDEPENDENCE

The Board Of Directors  
Carbon Neutral Charitable Fund Ltd (formerly Carbon Neutral 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 2015 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: 25 February 2016

Address: 17 Russley Grove, Yanchep WA 6035



## DIRECTORS' DECLARATION

### For The Year Ended 30 September 2015

The Directors of Carbon Neutral Charitable Fund Limited declare that in the Director's opinion:

- 1) The financial statements, comprising the statement of profit and loss and other comprehensive income, statements of financial position, statement of cash flows, statement of changes in equity, and the accompanying notes, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
  - a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and Australian Charities and Not-for-profits Commission regulation 2013 (ACNC Regulation 2013): and
  - b) give a true and fair view of the entity's financial position as at 30 September 2015 and of the performance for the year ended on that date.
- 2) There are reasonable grounds to believe that the entity will be able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the ACNC Regulation 2013 on behalf of the directors by:



Ian Rawlings – Chairman  
Perth, Western Australia  
Dated: 26 February 2016



## 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 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity 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 2015 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

Address: 17 Russley Grove, Yanchep WA 6035

Dated 25 February 2016



## BALANCE SHEET

As At 30 September 2015

	Note	30-Sept-15 \$	30-Sept-14 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	269,796	268,740
Trade and other receivables	8	11,828	173,792
Inventory	9	-	-
Other current assets	10	2,058	5,430
Land held for sale	11	130,000	130,000
<b>Total Current Assets</b>		<b>413,682</b>	<b>577,962</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	208,250	232,750
<b>Total Non-Current Assets</b>		<b>208,250</b>	<b>232,750</b>
<b>Total Assets</b>		<b>621,932</b>	<b>810,712</b>
<b>Current Liabilities</b>			
Trade and other payables	13	9,315	20,247
Provisions and accruals	14	24,407	169,459
<b>Total Current Liabilities</b>		<b>33,722</b>	<b>189,706</b>
<b>Total Liabilities</b>		<b>33,722</b>	<b>189,706</b>
<b>Net Assets</b>		<b>588,210</b>	<b>621,006</b>
<b>Equity</b>			
Member's funds - Reserves		-	-
Retained earnings(losses)		588,210	621,006
<b>Total Equity</b>		<b>588,210</b>	<b>621,006</b>

*The accompanying notes form part of these financial statements*

## STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 September 2015

	Note	30-Sept-15 \$	30-Sept-14 \$
Revenue from continuing operations	4	427,637	507,121
Other income	4	4,096	270,087
		<b>431,733</b>	<b>777,208</b>
Less:			
Planting costs	5	(209,249)	(372,693)
Non planting COS		(14,378)	(27,082)
Rent, rates and services		(2,440)	(2,689)
Office expenses		(14,766)	(9,337)
Operating expenses		(9,966)	(13,825)
Employment expenses		(175,030)	(88,314)
Professional services		(14,200)	(76,091)
Depreciation		(24,500)	(12,250)
		<b>(464,529)</b>	<b>(602,281)</b>
<b>Net Surplus/(Loss) before income tax</b>		<b>(32,796)</b>	<b>174,927</b>
Income tax expense		-	-
<b>Net Surplus/(Loss) after income tax</b>		<b>(32,796)</b>	<b>174,927</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income (loss)</b>		<b>(32,796)</b>	<b>174,927</b>

*The accompanying notes form part of these financial statements*

## STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 September 2015

	Retained Earnings	General Reserves	Total
<b>Balance at 30 September 2013</b>	<b>(516,501)</b>	<b>962,580</b>	<b>446,079</b>
Surplus for the year	<b>174,927</b>	-	<b>174,927</b>
Other Comprehensive Income	-	-	-
Movement in Reserves	962,580	(962,580)	-
Total Comprehensive Income for the year	1,137,507	-	<b>174,927</b>
<b>Balance at 30 September 2014</b>	<b>621,006</b>	-	<b>621,006</b>
Loss for the year	(32,796)	-	(32,796)
Other Comprehensive Income	-	-	-
Movement in Reserves	-	-	-
Total Comprehensive Income for the year	(32,796)	-	(32,796)
<b>Balance at 30 September 2015</b>	<b>588,210</b>	-	<b>588,210</b>

*The accompanying notes form part of these financial statements*

## STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2015

	Note	30-Sept-15 \$	30-Sept-14 \$
<b>Cash flows from operating activities</b>			
Receipts from clients and donors		595,973	319,911
Interest received		4,096	4,461
Payments to employees and suppliers		(599,013)	(542,947)
<b>Net cash inflow/(outflow) from operating activities</b>	7	<b>1,056</b>	<b>(218,947)</b>
<b>Cash flows from investing activities</b>			
Sale of land	11	-	177,273
Payments for property, plant and equipment		-	-
Sale of property, plant and equipment		-	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>-</b>	<b>177,273</b>
<b>Cash flows from financing activities</b>			
Proceeds from financing activities		-	-
Cash outflows for financing activities		-	-
<b>Net cash inflow from investing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash</b>		<b>1,056</b>	<b>(41,675)</b>
Cash at the beginning of the financial year	6	268,740	310,415
<b>Cash at the end of the financial year</b>	6	<b>269,796</b>	<b>268,740</b>
<b>Net increase/(decrease) in cash</b>		<b>1,056</b>	<b>(41,675)</b>

*The accompanying notes form part of these financial statements*

## NOTES TO THE FINANCIAL STATEMENTS

### For The Year Ended 30 September 2015

#### 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:

4 Norfolk House, 85 Forrest Street, Cottesloe, WA 6011

#### 2. BASIS OF PREPARATION OF THE FINANCIAL REPORT

##### ***Date of Issue***

These financial statements were authorised for issue by the Directors on 26 February 2015. 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.

##### ***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.

#### *Economic Dependence*

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.

#### *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 judgments 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-Sept-15 \$	30-Sept-14 \$
<b>4. Revenue</b>		
<b>From operating activities:</b>		
Donations received for trees	67,885	190,281
Donations received	22,523	-
Major business offsets	172,958	154,872
Ecards	3,399	-
Carbon consulting	-	6,090
Business Plant A Tree	46,774	
Contract planting	-	24,043
Grant funding	112,045	126,730
Other income	2,053	5,106
Total revenue	<u>427,637</u>	<u>507,121</u>
<b>Other Income</b>		
Employee costs recouped	-	37,295
Gain on sale of business	-	196,059
Reversal of impairment previously recorded	-	32,272
Interest received	4,096	4,461
Total other income	<u>4,096</u>	<u>270,087</u>
<b>5. Major Planting Expenses</b>		
Planting establishment	145,800	260,908
Infill Costs	-	-
Monitoring costs	38,828	41,271
Caveats and covenants	11,148	10,838
Landholder expense payments	12,058	54,150
Land-holder costs	1,415	5,526
	<u>209,249</u>	<u>372,699</u>

	30-Sept-15 \$	30-Sept-14 \$
<b>6. Cash and Cash Equivalents</b>		
Cash on hand	535	478
Cash at bank - Operating	261,978	225,595
Cash at bank - Term deposit	-	-
Cash at bank - Cash reserve	7,283	33,972
Cash at bank - United Guarantee	-	8,695
Cash held with Carbon Trade Exchange	-	-
	<u>269,796</u>	<u>268,740</u>

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

Net Surplus/(loss) before income tax	(32,796)	174,927
Non cash flows included in profit:		
Reversal of impairment previously recorded	-	-32,272
Business restructure gain	-	-196,509
Payment of liabilities on restructure	-	-37,295
Loss on sale of asset	-	-
Changes in operating assets and liabilities:	24,500	12,250
(Increase)/decrease in trade and other receivables	165,336	-30,979
Decrease/(Increase) in inventory	-	3,017
Increase in provisions	(145,052)	31,460
(Decrease) in current trade & other payables	(10,932)	143,546
Prior year adjustments	-	-
	<u>1,056</u>	<u>-218,947</u>
Net cash inflow (outflow) from operating activities	<u>1,056</u>	<u>-218,947</u>

**8. Trade and Other Receivables**

**Current**

Trade debtors	-	-
Bond Paid	3000	-
Grants and Receivables	-	50,000
GST receivable	-	5,022
Prepaid landowner incentives	8,828	118,770
	<u>11,828</u>	<u>173,792</u>

*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-15	30-Sept-14
	\$	\$
<b>9. Inventory</b>		
Stems Auscarbon	-	-
VERs and VCUs	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>10. Other Current Assets</b>		
Prepayments	<u>2,058</u>	5,430
	<u>2,058</u>	<u>5,430</u>
<b>11. Land Held for Sale</b>		
Land at cost	<b>225,000</b>	225,000
Less provision for diminution in value	<b>(95,000)</b>	(95,000)
	<u><b>130,000</b></u>	<u>130,000</u>
	<u><b>130,000</b></u>	<u>130,000</u>
<b>a. Movements in carrying amounts</b>		
<b>2015</b>		
Balance at 1 October	<b>130,000</b>	130,000
Carrying amount 30 September	<u><b>130,000</b></u>	<u>130,000</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

	30-Sept-15 \$	30-Sept-14 \$
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## 12. Property, Plant and Equipment

### Trees

Trees at cost	245,000	245,000
Less: accumulated depreciation	(36,750)	(12,250)

<b>Total Property, Plant and Equipment</b>	<b>208,250</b>	<b>232,750</b>
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### a Movements in carrying amounts

2014	Trees	Furn & Fittings	Office Equip	Total
Balance at 1 Oct 2013		7,524	3,672	11,196
Disposals		(7,524)	(3,672)	(11,196)
Additions	245,000	-	-	-
Depreciation	(12,250)	-	-	-
<b>Carrying amount at 30 Sep 2014</b>	<b>232,750</b>	<b>-</b>	<b>-</b>	<b>232,750</b>

2015	Trees	Furn & Fittings	Office Equip	Total
Balance at 1 Oct 2014	232,750	-	-	232,750
Additions	-	-	-	-
Depreciation	24,500	-	-	24,500
<b>Carrying amount at 30 Sep 2015</b>	<b>208,250</b>	<b>-</b>	<b>-</b>	<b>208,250</b>

30-Sept-15      30-Sept-14  
\$                          \$

### 13. Trade and Other Payables

Trade creditors	801	18,068
Accrued annual leave	4,050	1,239
Superannuation	1,938	271
PAYG Withholding	1,514	-
GST payable	372	-
Other	640	669
	<u>9,315</u>	<u>20,247</u>

*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	5,000	12,000
Accrued Expenses	3,355	0
Landowner incentives accrued	16,052	157,459
	<u>24,407</u>	<u>169,459</u>

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

### 15. Remuneration of Auditors

The company's auditor was BDO. During the year an amount of \$13,679 was paid to the auditor for audit services provided in the 2014 financial year.

In addition, \$5,000 was accrued for services to be provided by Ray Woolley Pty Ltd in the 2015 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
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**Remuneration of Key Management Personnel**

Total remuneration paid (salary)		31,379
Contract management fee through Insight Marketing & Management Trading Trust	56,160	28,080

*The above amounts include compulsory superannuation.*

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



	30-Sept-15	30-Sept-14
	\$	\$
<b>Related Party Transactions</b>		
Men of the Trees	1,500	200

At 30 September 2015, 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.

## 17. Commitments

### *Operating Lease Commitments*

There were no operating lease commitments at year end.

### *Planting Commitments*

There were no planting commitments outstanding at year end.

## 18. 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.

	2016	2017	2018
Landowner incentive payments	16,052	11,513	9,513

## 19. Financial Instruments

Instrument	Floating		Non-Interest bearing		Total		Effective Interest Rate	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	%	%
Cash at bank	269,456	268,350	340	390	269,796	268,740	0.015%	0.015%
Trade debtors	-	-	-	50,000	-	50,000	-	-
<b>Total</b>	<b>269,456</b>	<b>268,350</b>	<b>340</b>	<b>50,390</b>	<b>269,796</b>	<b>315,215</b>		

Instrument	Floating		Non-Interest bearing		Total		Effective Interest Rate	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	%	%
Trade & Other Payables	-	-	1,441	19,307	1,441	19,307	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,441</b>	<b>19,307</b>	<b>1,441</b>	<b>19,307</b>		

## 20. 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 2015 the number of members was 56.