LANDCARE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY

General purpose (RDR) financial report for the year ended 30 June 2020

ABN 63 008 656 513

Landcare Australia

Contents

Directors' report

Your directors submit their report on Landcare Australia Limited (the "Company") and its subsidiary (collectively, the "Group") for the year ended 30 June 2020.

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire year.

J. Davis

R. Nicholson

P. D. Sutherland

R. J. Gatehouse

D. E. Humann AM

Names, details and qualifications

The directors in office at any time during the financial year and up to the date of this report and details of their qualifications, experience and special responsibilities are set out below.

J. Davis
MAgribus, MEnvPlan, BEc,
MAICD, FAIM, FAusAE
Director since 2 June 2015

Experience and expertise
CEO - RSPCA Tasmania
Agribusiness consultant

Director - Royal Flying Doctor Service (Tas)
Director - Australian Seafood Industries Pty Limited

Former CEO of Launceston Chamber of Commerce, Agribusiness Australia, Tasmanian Farmers & Graziers Association, Growcom (Queensland Fruit & Vegetable Growers Ltd), Australian Mushroom Growers Association, Greening Australia Ltd, Nursery Industry Association of Australia;
Former Director - Tasmanian Institute of Agriculture, Plant Health Australia Limited, Horticulture Australia Limited, and Rural Industries Research and Development Corporation.
Former Chairman - Australian Agricultural Colleges Corporation

Landcare Australia committee memberships
Member - Finance & Audit Committee until Dec 2015
Chairman - Finance & Audit Committee from Dec 2015

R. Nicholson
BSc, LLM, MBA
Director since 22 September 2014

Experience and expertise
Senior Advisor - Herbert Smith Freehills
Director - Baker Heart and Diabetes Institute, Director, Nucleus Network Limited
Former member - Melbourne Parks and Waterways Advisory Council, Victorian National Parks Advisory Council and Alpine Advisory Council

Landcare Australia committee memberships
Member - Finance & Audit Committee and Partnerships Committee

Directors' report (continued)

P. D. Sutherland
BA, B Sc. (Hons)
Director since 18 August 2005

Experience and expertise
Former President, University of Melbourne, Sydney Alumni Association; Former Water Sector Lead, GHD, National Infrastructure Plan project;
Former Interim CEO, CRC for Balanced Urban Development;
Former Business Leader Water Resources, GHD;
Former member - Prime Ministers Task Force on Land Management; National Land and Water Audit Advisory; Council; National Water Initiative Working Group;
Former Deputy Commissioner - Murray Darling Basin Commission;
Former Deputy Director General - Department of Infrastructure, Planning and Natural Resources, New South Wales;
Former Deputy Secretary - Department of Sustainability and the Environment, VIC.

Landcare Australia committee memberships
Chairman - Partnerships Committee
Former Member - Membership & Governance Committee
Former Member - Advisory Council

R. J. Gatehouse
BEcon CPA MAICD
Director since 1 March 2016

Experience and expertise
Current COO and CFO Brighte Capital
Former CFO & General Manager Corporate Services - Australian Institute of Company Directors;
Former CFO Equigroup;
Former Head of Finance, Retail - ANZ Bank;
Former CFO - HBOSA;
Former Director - Capital Finance Australia Ltd.

Landcare Australia committee memberships
Member - Finance & Audit Committee

D. E. Humann AM
BA (Hons), Dip ED
GAICD
Director since 13 December 2016

Experience and expertise
Deputy Chair, Dhelkunya Dja Land Management Board
Convenor, National Parks Advisory Council (Victoria)
Advisory Board Member, Conservation Ecology Centre
Former CEO, Bush Heritage Australia (1997 - 2011);
Former Executive Director Victorian National Parks Association (1990 - 1997).

Landcare Australia committee memberships
Chairman of Board
Member - Partnerships Committee and Finance & Audit Committee

Chief Executive Officer

Dr Shane Norrish
PhD, M Agr., B App Sc (Syst Ag.)

Directors' report (continued)

Company Secretary

Ms Janet Davison
BBus (Accounting) CPA

Directors' meetings

The number of the Group's Board of directors (the Board) and of each Board Committee meeting held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Landcare Australia Board of Directors	Finance and Audit Committee	Partnerships Committee
Meetings held	7	6	6
Director			
J. Davis	7	6	6
R. Nicholson	7	6	6
P. D. Sutherland	7	6	6
R. J. Gatehouse	6	6	6
D. E. Humann AM	6	5	5

Dividends

Landcare Australia Limited is a company limited by guarantee and dividends are prohibited under its constitution.

Principal activities

The principal activities of the Group during the year were:

- The funding of Landcare, Junior Landcare and Coastcare awareness and community group projects through partnerships with corporate and government partners, through service delivery in respect of environmental projects and through engaging with the community at large; and
- The continuation of an extensive awareness campaign part-funded by the government and corporate sectors, which has succeeded in bringing land and water management issues to the attention of the public and encouraged broad participation in Landcare, Junior Landcare and Coastcare activities by land managers and the community.

The activities outlined above assist and underpin achieving the Group’s objectives both in the short and long term.

There have been no significant changes in the nature of these activities during the year.

Short and long term objectives

The short term objective of the organisation is to maintain or enhance existing relationships between the Group, the Landcare movement and current corporate and government partners.

The long term objectives of the organisation are to foster corporate, government and non-government partnerships for the Landcare, Junior Landcare and Coastcare movements and to encourage public participation in the broader Landcare, Junior Landcare and Coastcare community groups.

Directors' report (continued)

Strategy for achieving the short and long term objectives

The short and long term strategies to achieve the organisation objectives are to raise awareness about Landcare community group achievements, deliver funding and services to the Landcare movement, develop the Landcare, Junior Landcare and Coastcare brands and logos, develop the annual events program, coordinate State/National Landcare Awards and the National Landcare Conference, implement and manage projects to improve natural assets, and develop reliable revenue streams to underpin the Group’s objectives.

Key performance criteria

The key performance measures centre around delivery relating to government and corporate funded grants and services, the extent of community involvement in Landcare activities, delivery of on-ground Landcare outcomes and the growth of corporate and other partnerships.

Operating and financial review

The net profit after tax of the Group for the year ended 30 June 2020 was $53,955 (2019: net loss after tax of $1,907).

Overall revenue increased by 22% (2019: 16%). This increase in overall revenue was due to an increase in funding received from corporate partnerships and an increase in donations received following the 2019/2020 Australian bushfires.

Timing differences may arise between the recognition of project revenue and the recognition of related expenditure such that these items may be recognised in different financial periods. This treatment is consistent with applicable Accounting Standards.

COVID-19 is a global and local issue with community and economic consequences, many of which remain unknown. Should the pandemic continue for an extended period of time, possible financial impacts may affect future revenue. As this cannot be known with any certainty at the date of this report, no financial effect is contained in this financial report.

Members' guarantees

Landcare Australia Limited is limited by guarantee. If the Company is wound up, each member is required to contribute a maximum of $100 for meeting any outstanding obligations of the Company. At 30 June 2020 there were 5 members (2019: 5).

Significant changes in the state of affairs

Borland Holdings Pty Ltd was deregistered by ASIC on 19 September 2019.

There have been no other significant changes in the state of affairs of the Group during the year.

Significant events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Likely developments and expected results

As advised in the 30 June 2019 Financial report, the Group was exploring an expansion of its membership with other state-based entities in the same sector, however this expansion has not eventuated.

The Group continues to be committed to supporting an inclusive Landcare movement which reflects Landcare Australia’s vision of all Australians actively caring for our unique land and water assets.

Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Directors' report (continued)

Indemnification and insurance of directors and officers

The Group has agreed to indemnify all the directors and officers to the extent permitted by law against certain liabilities and legal costs incurred by the directors and officers of the Group. There have been no indemnities or insurance premiums paid during, or since the end of the financial year for any person who is, or has been an officer of the Group.

Indemnification of auditor

To the extent permitted by law, the Group has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Auditor's independence

The directors have received a declaration from the auditor, Ernst & Young (Australia). A copy has been included on page 6 of the report.

Signed in accordance with a resolution of the directors.

D. E. Humann AM
Chairman
Melbourne
21 October 2020

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Building a better working world

Auditor's Independence Declaration to the Directors of Landcare Australia Limited

In relation to our audit of the financial report of Landcare Australia Limited and its controlled entity for the financial year ended 30 June 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Simon W Hannigan
Partner
21 October 2020

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue	4.1	7,674,325	5,673,522
Other revenue	4.1	256,900	769,281
Finance income	4.2	136,035	150,695
Total revenue		**8,067,260**	**6,593,498**
Partnerships, fundraising and grants management		(5,276,045)	(3,660,041)
Landcare services project delivery		(1,046,087)	(908,172)
Community engagement and awareness		(1,185,871)	(1,469,150)
Organisational support		(479,394)	(558,042)
Finance costs	4.2	(25,908)	-
Profit/(loss) before income tax		**53,955**	**(1,907)**
Income tax expense		-	-
Profit/(loss) for the year		**53,955**	**(1,907)**
Other comprehensive income		**-**	**-**
Total comprehensive income/(loss) for the year		**53,955**	**(1,907)**

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

Consolidated statement of financial position

As at 30 June 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalent	5	10,156,278	8,951,012
Trade and other receivables	6	777,161	518,404
Total current assets		10,933,439	9,469,416
Non-current assets			
Property, plant and equipment	7	112,572	171,626
Right-of-use assets	8	633,944	-
Total non-current assets		746,516	171,626
Total assets		**11,679,955**	**9,641,042**
Liabilities			
Current liabilities			
Trade and other payables	9	1,091,447	731,524
Employee benefit liabilities	10	279,156	190,302
Contract liabilities		1,610,986	736,710
Lease liabilities	8	163,073	-
Total current liabilities		3,144,662	1,658,536
Non-current liabilities			
Employee benefit liabilities	10	15,037	10,161
Lease liabilities	8	493,956	-
Total non-current liabilities		508,993	10,161
Total liabilities		**3,653,655**	**1,668,697**
Net assets		**8,026,300**	**7,972,345**
Equity			
Retained earnings		8,026,300	7,972,345
Total equity		**8,026,300**	**7,972,345**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Retained earnings $	Total equity $
At 1 July 2019	**7,972,345**	**7,972,345**
Profit for the year	53,955	53,955
Other comprehensive income	-	-
Total comprehensive income for the year	53,955	53,955
At 30 June 2020	**8,026,300**	**8,026,300**
At 1 July 2018	**7,974,252**	**7,974,252**
Loss for the year	(1,907)	(1,907)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,907)	(1,907)
At 30 June 2019	**7,972,345**	**7,972,345**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2020

	Note	2020 $	2019 $
Operating activities			
Receipts from customers		8,546,744	6,967,272
Payments to suppliers and employees		(7,284,420)	(6,804,682)
Interest received		136,035	150,695
Interest paid		(25,908)	-
Franking credits received from Australian Taxation Office		-	769,281
Net cash flows from operating activities	5	**1,372,451**	**1,082,566**
Investing activities			
Purchase of property, plant and equipment		(15,035)	(131,107)
Net cash flow used in investing activities		**(15,035)**	**(131,107)**
Financing activities			
Payment of principal portion of lease liabilities		(152,150)	-
Net cash flows from financing activities		**(152,150)**	**-**
Net increase in cash and cash equivalents		1,205,266	951,459
Cash and cash equivalents at July 1		8,951,012	7,999,553
Cash and cash equivalents at 30 June	5	**10,156,278**	**8,951,012**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2020

1. Corporate information

The consolidated financial statements of Landcare Australia Limited (the "Company") and its subsidiary (collectively, the "Group") for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 21 October 2020.

The Company is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business of the Company as of 30 June 2020 is Level 3, 6 Help Street, Chatswood, NSW 2067.

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 13. Information on other related party relationships of the Group is provided in Note 11.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012,* Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The consolidated financial statements for the Group is tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards-Reduced Disclosure Requirements (AASB - RDRs).

The consolidated financial statements have been prepared under the historical cost convention.

The financial report is presented in Australian dollars ($).

2.2 Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

The Group applied AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 from 1 July 2019 using the modified retrospective method of adoption. AASB 15 supersedes AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that a Group shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The standard introduced a new contract based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in the Group's consolidated statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customers' payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.2 Changes in accounting policies, disclosures, standards and interpretations (continued)

New and amended standards and interpretations (continued)

There was no significant impact on recognition or measurement in the consolidated financial statements as a result of the adoption but there has been a change in the required disclosures to reflect the requirements of the new accounting standard.

AASB 1058 *Income of Not-for-Profit Entities*

The Group has adopted AASB 1058 from 1 July 2019 using the modified retrospective method of adoption. The standard replaces AASB 1004 *Contributions* in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where:

- An asset is received in a transaction, such as by way of grant, bequest or donation;
- There has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and
- Where the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the Group which enable it to acquire or construct a recognisable non-financial asset, the Group must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Group satisfies its performance obligation. If the transaction does not enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

There was no significant impact on recognition or measurement in the consolidated financial statements as a result of the adoption but there has been a change in the required disclosures to reflect the requirements of the new accounting standard.

AASB 16 *Leases*

This note explains the impact of the adoption of AASB 16 *Leases* retrospectively from 1 July 2019, but the Group has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 July 2019.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019 (see Note 8). The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.5%.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.2 Changes in accounting policies, disclosures, standards and interpretations (continued)

New and amended standards and interpretations (continued)

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to the portfolio of leases with reasonably similar characteristics
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 and interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of lease liabilities

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	$
Operating lease commitments disclosed as at 30 June 2019	**412,898**
Weighted average incremental borrowing rate as at 1 July 2019	3.5%
Discounted operating lease commitments as at 1 July 2019	**339,563**
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	469,616
Lease liabilities recognised as at 1 July 2019	**809,179**
Of which are:	
Current lease liabilities	152,150
Non-current lease liabilities	657,029

(iii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2020.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.2 Changes in accounting policies, disclosures, standards and interpretations (continued)

New and amended standards and interpretations (continued)

(iv) Adjustments recognised in the consolidated statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 July 2019:

- Right-of-use assets - increase by $809,179
- Lease liabilities - increase by $809,179
- The net impact on retained earnings on 1 July 2019 was $nil.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 30 June 2020. The directors have not early adopted any of these new or amended standards or interpretations. The directors intend to adopt the new or amended standards or interpretations when they become effective.

2.3 Summary of significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its sole subsidiary, Borland Holdings Pty Ltd, which was deregistered by ASIC on 19 September 2019, at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if the

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

b) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

c) Cash and cash equivalent

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and bank deposits at call.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

d) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

IT Hardware	4 years
Office furniture and fittings	5 years
Vehicles and equipment	5 years
Software and website	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

g) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

h) Leases

Contracts contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

h) Leases (continued)

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

Until the end of financial year 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life, as follows:

• Office premises - Melbourne	1.5 years
• Office premises - Sydney	4.5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.3(f) Impairment of non-financial assets.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

i) Employee benefit liabilities

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

j) Revenue recognition

For the year ended 30 June 2020

The Group recognises revenue as follows:

(i) Revenue from Government contracts and Corporate Partnerships

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- Identifies the contract with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(ii) Donations

Donations are recognised at the time the funds are received. If conditions are attached to the donation which must be satisfied before the Group is eligible to retain the donation, the donation will be recognised in the consolidated statement of financial position as a liability until those conditions are satisfied.

(iii) Grants

Grant revenue is recognised in profit or loss when the Group satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Group is eligible to retain the contribution, the grant will be recognised in the consolidated statement of financial position as a liability until those conditions are satisfied.

(iv) Licence fees

Licence fees relating to the use of Landcare, Junior Landcare and Coastcare logos by other entities and other reciprocal income are brought to account over the period the benefit is provided.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

j) Revenue recognition (continued)

For the year ended 30 June 2020 (continued)

(v) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

For the year ended 30 June 2019

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of whether the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The specific recognition criteria described below must also be met before revenue is recognised.

(i) Government grants, fundraising, donations and corporate sponsorship income

Government grants, fundraising, donations and corporate sponsorship income are recognised as revenue when the Group obtains control of the contributions or the right to receive the contributions. Timing differences may arise between the recognition of contributions and the recognition of related expenditure such that these items may be recognised in different financial periods, unspent monies are monitored by management. This treatment is consistent with applicable Accounting Standards.

(ii) Licence fees

Licence fees relating to the use of Landcare, Junior Landcare and Coastcare logos by other entities and other reciprocal income are brought to account over the period the benefit is provided.

(iii) Revenue in-kind

Revenue received on an ‘in-kind’ basis (i.e. receipt of non-cash goods or services) is recognised in accordance with the above policies, and a corresponding expense for the goods or services provided is recognised in the consolidated statement of profit or loss and other comprehensive income.

k) Finance income

Finance income is recognised as interest accrues using the EIR method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

l) Taxes

Under Section 50-50 of the Income Tax Assessment Act, 1997 as amended, the Company is exempt from income tax, however, the sole subsidiary was subject to income tax.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

l) Taxes (continued)

Goods and services tax (GST) (continued)

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

m) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting judgements, estimates and assumptions

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Leases - Estimating the incremental borrowing rate

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and where necessary is required to make certain entity-specific estimates.

Leases - Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

4. Revenue and expenses

4.1 Revenue and other revenue

	2020	2019
	$	$
AASB 15		
Government grants and fee for service	1,113,601	2,740,364
Corporate partnerships and licence fees	4,859,717	2,309,632
Fundraising and other income	1,701,007	623,526
Total revenue	**7,674,325**	**5,673,522**

Performance obligations

Information about the Group's performance obligation are summarised below:

Revenue from Government contracts and Corporate Partnerships

Contracts with Government and Corporate partners contain performance obligations, such as the delivery and management of a grants program, as well as reporting obligations. The reporting obligation is required to confirm that the performance obligation has been satisfied.

Grants

The performance obligations are delivered over time, based on project implementation plans agreed within the grant contract. The performance obligations are satisfied once the project is complete, such as training and workshops held, and acquittal reporting is provided to the grantor.

	2020	2019
	$	$
AASB 1058		
Other revenue		
Covid-19 Government subsidy income	256,900	-
Refund of franking credit*	-	769,281
	256,900	**769,281**

*In February 2019, the Company, being an endorsed income tax exempt entity, received a refund of franking credits. These credits were available as the Company's sole former subsidiary, Borland Holdings Pty Limited, had previously paid tax and thereby generated franking credits.

4.2 Finance costs and income

	2020	2019
	$	$
Finance costs		
Interest expense on lease liabilities	**25,908**	**-**
Finance income		
Interest received from financial institutions	**136,035**	**150,695**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

5. Cash and cash equivalent

	2020	2019
	$	$
Cash at bank and on hand	2,356,278	1,651,012
Bank deposits at call	7,800,000	7,300,000
	10,156,278	**8,951,012**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the above.

	2020	2019
	$	$
Cash flow reconciliation		
Reconciliation of net profit/(loss) after tax to net cash flows from operations:		
Profit/(loss) for the year	**53,955**	**(1,907)**
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation expense of property, plant and equipment	74,089	78,140
Depreciation expense of right-of-use assets	175,235	-
Changes in assets and liabilities:		
Decrease in trade and other receivables	(258,757)	(10,312)
Increase in trade and other payables	359,923	230,503
Increase in employee benefit liabilities	93,730	49,432
Increase in contract liabilities	874,276	736,710
Net cash flows from operating activities	**1,372,451**	**1,082,566**

6. Trade and other receivables

	2020	2019
	$	$
Current		
Trade receivables	612,995	478,579
Covid-19 Government subsidy receivables	142,860	-
Other receivables	21,306	39,825
	777,161	**518,404**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

7. Property, plant and equipment

	IT hardware	Office furniture and fittings	Vehicles and equipment	Software and website	Total
	$	$	$	$	$
Cost					
At 1 July 2019	87,230	51,189	136,763	128,400	403,582
Additions	14,056	979	-	-	15,035
At 30 June 2020	**101,286**	**52,168**	**136,763**	**128,400**	**418,617**
Accumulated depreciation					
At 1 July 2019	61,576	30,105	39,171	101,104	231,956
Depreciation charge for the year	19,621	10,530	18,748	25,190	74,089
At 30 June 2020	**81,197**	**40,635**	**57,919**	**126,294**	**306,045**
Net book value					
At 30 June 2020	**20,089**	**11,533**	**78,844**	**2,106**	**112,572**
At 30 June 2019	25,654	21,084	97,592	27,296	171,626

8. Leases

The Group has lease contracts as at 30 June 2020 for use of premises to conduct its operations for a period of 1.5 years (Melbourne office) and 4.5 years (Sydney office).

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	Buildings
Right-of-use asset movements for the year	$
As at 1 July 2019	**809,179**
Depreciation expense	(175,235)
As at 30 June 2020	**633,944**

	2020
	$
Lease liability movements for the year	
As at 1 July 2019	**809,179**
Accretion of interest	25,908
Payments	(178,058)
As at 30 June 2020	**657,029**
Current	163,073
Non-current	493,956

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

8. Leases (continued)

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2020
	$
Depreciation expense of right-of-use assets	175,235
Interest expense on lease liabilities	25,908
Total amount recognised in profit and loss	**201,143**

(iii) Cash flows

The Group had total cash outflows for leases of $178,058 in 2020. The Group also had no non-cash additions to right-of-use assets and lease liabilities in 2020.

9. Trade and other payables

	2020	2019
	$	$
Current		
Trade payables	224,267	166,211
Other payables and accruals	791,258	483,874
GST payable	75,922	81,439
	1,091,447	**731,524**

10. Employee benefit liabilities

	2020	2019
	$	$
Current		
Employee benefits	**279,156**	**190,302**
Non-current		
Employee benefits	**15,037**	**10,161**

11. Related party disclosures

a) Directors

The following persons were directors of Landcare Australia Limited during the financial year:

J. Davis

R. Nicholson

P. D. Sutherland

R. J. Gatehouse

D. E. Humann AM

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

11. Related party disclosures (continued)

The Group's partners during the year under review, and during the previous year, include companies and organisations of which some of the Group's directors are employees or former employees. Transactions with these companies and organisations are conducted at arm's length. No benefit accrues to the relevant directors arising from these transactions.

During the year under review, Landcare Australia paid Rachel Gatehouse $Nil (2019: $12,000) for financial consultancy services.

With the exception of reasonable out-of-pocket expenses, there were no other transactions with director related entities during the year ended 30 June 2020. In the previous financial year, there were no sitting fees paid to any directors.

b) Transactions with other related parties

There were no transactions with other related parties during the current financial year (2019: none).

c) Key management personnel

Key management personnel are the directors and the Chief Executive Officer and Chief Operating Officer of Landcare Australia Limited.

Amounts paid or payable to key management personnel for services during the year are set out below.

	2020	2019
	$	$
Key management personnel compensation	**404,534**	**379,186**

d) Transactions with key management personnel and their related entities

There were no transactions with key management personnel during the current financial year (2019: none).

12. Commitments and contingencies

Leases

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 were, as follows:

	2019
	$
Within one year	178,058
After one year but not more than five years	234,840
	412,898

As at 1 July 2019, all leases are now accounted for under AASB 16 *Leases*. See Notes 2.2 and 8 for more details.

Contingencies

The Group did not have any contingent liabilities as at 30 June 2020 (2019: $nil).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

13. Subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the followings subsidiary in accordance with the accounting policy described in Note 2(a).

			% equity interest	
Name	**Principal Activities**	**Country of incorporation**	**2020**	**2019**
Borland Holdings Pty Ltd	Financial Services	Australia	-	100

On 21 February 2019, Borland Holdings Pty Ltd, has undergone a member's voluntary liquidation and was deregistered by ASIC on 19 September 2019.

14. Financial risk management

Interest risk exposure

The Group's exposure to interest rate risk arises from its cash holdings which are held for short-term, based on the timing of grants and other receipts. No reasonably possible change in interest rates would materially impact the Group.

15. Information relating to Landcare Australia Limited (the parent entity)

	2020	**2019**
	$	**$**
Current assets	10,933,439	9,469,416
Non-current assets	746,516	171,626
Assets	11,679,955	9,641,042
Current liabilities	3,144,662	1,658,536
Non-current liabilities	508,993	10,161
Liabilities	3,653,655	1,668,697
Retained earnings	**8,026,300**	**7,972,345**
Profit for the year	53,955	127,420
Total comprehensive income of the Parent	53,955	127,420

Contingent liabilities

The Parent had no contingent liabilities as at 30 June 2020 (2019: none).

Guarantees

The Parent has not entered into any guarantees in relation to the debts of its subsidiary (2019: none).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

16. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

17. NSW Charitable Fundraising Act 1991

This disclosure is made under the *NSW Charitable Fundraising Act 1991* and the Regulations.

Details of aggregate gross income and total expenses of fundraising appeals

	2020	2019
	$	**$**
Gross income from fundraising appeals	1,679,635	469,271
Receipts from corporate partners	4,859,717	2,309,632
Total	6,539,352	2,778,903
Less - Licence and management fees included in corporate partners receipts	(1,083,470)	(858,422)
Net Surplus obtained from fundraising appeals and receipts from corporate partners	**5,455,882**	**1,920,481**

The Group receives grants from the Federal and State Governments. These grants are excluded from fundraising income under section 5(3) of the *NSW Charitable Fundraising Act 1991*. Donations received “in-kind” (ie. the receipt of non-cash goods and services) have been excluded from fund raising income disclosed above.

In relation to unspent project funds at balance date, the Group carries forward any amounts for expenditure in future years on community on-ground and other projects. Accordingly, amounts applied in any particular year to the charitable purpose may be greater or less than the net surplus obtained from fundraising appeals in that year.

Policies and procedures in relation to accounting for fundraising activities are disclosed in Note 2.3(j).

Remuneration received by members of the Board is disclosed in Note 11(a).

18. Auditor's remuneration

The auditor of Landcare Australia Limited is Ernst & Young (Australia).

	2020	2019
	$	**$**
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the Group	34,500	33,500
Other services	5,300	5,950
	39,800	**39,450**

Directors' declaration

In accordance with a resolution of the directors of Landcare Australia Limited, I state that:

In the opinion of the directors:

(a) the consolidated financial statements and notes of the Group for the financial year ended 30 June 2020 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013;* and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

D. E. Humann AM
Chairman
Melbourne
21 October 2020

Chief Executive Officer's declaration in respect of fundraising appeals

I, Dr Shane Norrish, Chief Executive Officer of Landcare Australia Limited declare in respect of the attached consolidated financial statements of Landcare Australia Limited for the year ending 30 June 2020:

(a) the consolidated statement of profit or loss and other comprehensive income gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals; and

(b) the consolidated statement of financial position gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals conducted by the organisation; and

(c) the provisions of the *Charitable Fundraising Act 1991 (NSW)* and *NSW Charitable Fundraising Regulations 2015,* the regulations under that Act and the conditions attached to the authority have been complied with by the organisation; and

(d) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

Dr Shane Norrish
Chief Executive Officer
Sydney
21 October 2020

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Independent Auditor's Report to the Members of Landcare Australia Limited

Report on the Financial Report

Opinion

We have audited the financial report of Landcare Australia Limited (the Company) and its subsidiary (collectively 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of Landcare Australia Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2020, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991; and

   ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015.

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2020 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst + Young

Ernst & Young

Simon W Hannigan
Partner
Sydney
21 October 2020