

# **LANDCARE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY**

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General purpose (RDR)  
financial report for the year  
ended 30 June 2019

**ABN 63 008 656 513**



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## Directors' report

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Your directors submit their report on Landcare Australia Limited (the "Company") and its subsidiary (collectively, the "Group") for the year ended 30 June 2019.

### 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. 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

#### *Details of current and previous directorships*

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, LL.M, MBA**

Director since 22 September 2014

#### *Details of current and previous directorships*

Partner - 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)

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### **P. D. Sutherland**

**BA, B Sc. (Hons)**

Director since 18 August 2005

#### *Details of current and previous directorships*

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. Gatehouse**

**BEcon CPA MAICD**

Director since 1 March 2016

#### *Details of current and previous directorships*

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

#### *Details of current and previous directorships*

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)

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### Company Secretary

#### Ms Tania Zordan

Solicitor, BA/LLB, LLM

Time of Company Secretarial duties: Resigned 14 December 2018

#### Ms Janet Davison

BBus (Accounting) CPA

Time of Company Secretarial duties: Appointed 14 December 2018

### 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 2019, and the number of meetings attended by each director were:

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

### 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.

## Directors' report (continued)

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### 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.

### 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, 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 loss after tax of the Group for the year ended 30 June 2019 was \$1,907 (2018: net profit after tax of \$24,886).

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.

Overall revenue increased by 16% (2018: decreased by 31%). This increase in overall revenue was due to an increase in funding from the National Landcare Program offset by the winding down of Government service contracts. Revenue also included a refund of franking credits from the Australian Government.

### 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 2019 there were 5 members (2018: 5).

### Significant changes in the state of affairs

On 21 February 2019, the Group's subsidiary, Borland Holdings Pty Ltd, has undergone a members' voluntary liquidation and was in the process of deregistration from Australian Securities and Investments Commission (ASIC).

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

### Significant events after the reporting period

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

There have been no other 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.

## Directors' report (continued)

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### **Likely developments and expected results**

The Group is exploring an expansion of our membership with other state-based entities in the same sector with an objective of creating a single, national Landcare organisation. Discussions are on-going and details are yet to be finalised.

### **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.

### **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.

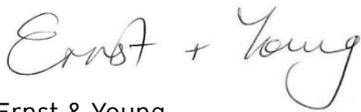
Signed in accordance with a resolution of the directors.



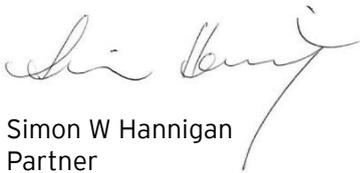
D. E. Humann AM  
Chairman  
Melbourne  
30 October 2019

## 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 2019, 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  
30 October 2019

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Government grants and corporate sponsorship	4.1	5,049,996	5,099,203
Other revenue	4.2	1,543,502	570,419
<b>Revenue</b>		<b>6,593,498</b>	<b>5,669,622</b>
Partnerships, fundraising and grants management		(3,660,041)	(2,897,056)
Landcare services project delivery		(908,172)	(1,221,175)
Community engagement and awareness		(1,469,150)	(956,117)
Organisational support		(558,042)	(609,534)
<b>Expenses</b>		<b>(6,595,405)</b>	<b>(5,683,882)</b>
<b>Loss before income tax</b>		<b>(1,907)</b>	<b>(14,260)</b>
Income tax benefit		-	39,146
<b>(Loss)/profit for the year</b>		<b>(1,907)</b>	<b>24,886</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(1,907)</b>	<b>24,886</b>

*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 2019

	Notes	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalent	5	8,951,012	7,999,553
Trade and other receivables	6	518,404	508,092
<b>Total current assets</b>		<u>9,469,416</u>	<u>8,507,645</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	171,626	118,659
<b>Total non-current assets</b>		<u>171,626</u>	<u>118,659</u>
<b>Total assets</b>		<u><b>9,641,042</b></u>	<u><b>8,626,304</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	731,524	501,021
Employee benefit liabilities	9	190,302	142,211
Deferred revenue		736,710	-
<b>Total current liabilities</b>		<u>1,658,536</u>	<u>643,232</u>
<b>Non-current liabilities</b>			
Employee benefit liabilities	9	10,161	8,820
<b>Total non-current liabilities</b>		<u>10,161</u>	<u>8,820</u>
<b>Total liabilities</b>		<u><b>1,668,697</b></u>	<u><b>652,052</b></u>
<b>Net assets</b>		<u><b>7,972,345</b></u>	<u><b>7,974,252</b></u>
<b>Equity</b>			
Retained earnings		7,972,345	7,974,252
<b>Total equity</b>		<u><b>7,972,345</b></u>	<u><b>7,974,252</b></u>

*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 2019

	<b>Retained earnings</b>	<b>Total equity</b>
	\$	\$
<b>At 1 July 2018</b>	<b>7,974,252</b>	<b>7,974,252</b>
Loss for the year	(1,907)	(1,907)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,907)	(1,907)
<b>At 30 June 2019</b>	<b><u>7,972,345</u></b>	<b><u>7,972,345</u></b>
<b>At 1 July 2017</b>	<b>7,949,366</b>	<b>7,949,366</b>
Profit for the year	24,886	24,886
Other comprehensive income	-	-
Total comprehensive income for the year	24,886	24,886
<b>At 30 June 2018</b>	<b><u>7,974,252</u></b>	<b><u>7,974,252</u></b>

*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 2019

	2019	2018
Note	\$	\$
<b>Operating activities</b>		
Receipts from customers	6,967,272	6,477,631
Payments to suppliers and employees	(6,804,682)	(6,066,780)
Interest received	150,695	125,623
Income tax refund	-	49,479
Franking credits received from Australian Taxation Office	769,281	-
<b>Net cash flows from operating activities</b>	<b>1,082,566</b>	<b>585,953</b>
	5	
<b>Investing activities</b>		
Purchase of property, plant and equipment	(131,107)	(8,540)
<b>Net cash flow used in investing activities</b>	<b>(131,107)</b>	<b>(8,540)</b>
Net increase in cash and cash equivalents	951,459	577,413
Cash and cash equivalents at July 1	7,999,553	7,422,140
<b>Cash and cash equivalents at 30 June</b>	<b>8,951,012</b>	<b>7,999,553</b>
	5	

*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 2019

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### 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 2019 were authorised for issue in accordance with a resolution of the directors on 30 October 2019.

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 2019 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 12. Information on other related party relationships of the Group is provided in Note 10.

### 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 (\$).

The comparatives have been reclassified to conform with current year classifications as a result of the Group changing the presentation of expenses in the consolidated statement of profit or loss and other comprehensive income to gain a better understanding of these expenses.

#### 2.2 Changes in accounting policies, disclosures, standards and interpretations

##### New and amended standards and interpretations

The Group applied AASB 9 *Financial Instruments* 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 2019, but do not have an impact on the consolidated financial statements of the Group.

##### AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

The classification and measurement requirements of AASB 9 did not have a material impact on the consolidated financial statements of the Group, but there have been some changes in the disclosures resulting from the adoption of the accounting standard.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

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

###### 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 2019. The directors have not early adopted any of these new or amended standards or interpretations. The directors are in the process of assessing the impact of the applications of AASB1058 *Income of Not-For-Profit Entities* (effective 1 January 2019), AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019 for not-for-profit entities) and AASB 16 *Leases* (effective 1 January 2019) and its amendments to the extent relevant to the consolidated financial statements of the Group.

##### 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, at 30 June 2019. 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.

###### 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

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

##### b) Current versus non-current classification (continued)

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.

##### 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

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

###### e) Property, plant and equipment (continued)

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

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

###### 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

###### j) Revenue recognition

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) Interest income*

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other revenue in the consolidated statement of profit or loss and other comprehensive income.

###### *(iv) 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) 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 is 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.

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.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

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### 2. Significant accounting policies (continued)

#### 2.3 Summary of significant accounting policies (continued)

##### l) Comparatives

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

### 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.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

### 4. Revenue

#### 4.1 Revenue from government grants and corporate sponsorship

	<u>2019</u>	<u>2018</u>
	\$	\$
Corporate sponsorship and license fees	2,309,632	2,702,340
Government grants and fee for service	2,740,364	2,396,863
	<u><b>5,049,996</b></u>	<u><b>5,099,203</b></u>

#### 4.2 Other revenue

Interest received from financial institutions	150,695	125,624
Fundraising and other income	623,526	444,795
Refund of franking credit*	769,281	-
	<u><b>1,543,502</b></u>	<u><b>570,419</b></u>

\*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 subsidiary, Borland Holdings Pty Limited, had previously paid tax and thereby generated franking credits.

### 5. Cash and cash equivalent

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash at bank and on hand	1,651,012	3,549,553
Bank deposits at call	7,300,000	4,450,000
	<u><b>8,951,012</b></u>	<u><b>7,999,553</b></u>

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

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Cash flow reconciliation</b>		
Reconciliation of net profit after tax to net cash flows from operations:		
(Loss)/profit for the year	<b>(1,907)</b>	<b>24,886</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation expense	78,140	55,572
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(10,312)	464,646
Increase in trade and other payables	230,503	39,748
Increase in employee benefit liabilities	49,432	1,101
Increase in deferred revenue	736,710	-
<b>Net cash flows from operating activities</b>	<u><b>1,082,566</b></u>	<u><b>585,953</b></u>

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

### 6. Trade and other receivables

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Current</b>		
Trade receivables	478,579	467,273
Other receivables	39,825	40,819
	<u><b>518,404</b></u>	<u><b>508,092</b></u>

### 7. Property, plant and equipment

	<u>IT hardware</u>	<u>Office furniture and fittings</u>	<u>Vehicles and equipment</u>	<u>Software and website</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>Cost</b>					
At 1 July 2018	73,532	51,189	19,355	128,400	272,476
Additions	13,698	-	117,408	-	131,106
<b>At 30 June 2019</b>	<u><b>87,230</b></u>	<u><b>51,189</b></u>	<u><b>136,763</b></u>	<u><b>128,400</b></u>	<u><b>403,582</b></u>
<b>Accumulated depreciation</b>					
At 1 July 2018	42,601	20,130	15,525	75,560	153,816
Depreciation charge for the year	18,975	9,975	23,646	25,544	78,140
<b>At 30 June 2019</b>	<u><b>61,576</b></u>	<u><b>30,105</b></u>	<u><b>39,171</b></u>	<u><b>101,104</b></u>	<u><b>231,956</b></u>
<b>Net book value</b>					
<b>At 30 June 2019</b>	<u><b>25,654</b></u>	<u><b>21,084</b></u>	<u><b>97,592</b></u>	<u><b>27,296</b></u>	<u><b>171,626</b></u>
At 30 June 2018	<u>30,930</u>	<u>31,059</u>	<u>3,830</u>	<u>52,840</u>	<u>118,659</u>

### 8. Trade and other payables

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Current</b>		
Trade payables	166,211	264,193
Other payables and accruals	483,874	91,945
GST payable	81,439	144,883
	<u><b>731,524</b></u>	<u><b>501,021</b></u>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 9. Employee benefit liabilities

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Current</b>		
Employee benefits	<u>190,302</u>	<u>142,211</u>
<b>Non-current</b>		
Employee benefits	<u>10,161</u>	<u>8,820</u>

#### 10. 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. Gatehouse

D. E. Humann AM

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 \$12,000 (2018: \$19,500) 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 2019. 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 (2018: 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.

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Key management personnel compensation</b>	<u>379,186</u>	<u>348,585</u>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 10. Related party disclosures (continued)

##### d) Transactions with key management personnel and their related entities

There were no transactions with key management personnel during the current financial year (2018: none).

#### 11. Commitments and contingencies

##### Operating lease commitments - Group as lessee

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

	<u>2019</u>	<u>2018</u>
	\$	\$
Within one year	178,058	171,210
After one year but not more than five years	234,840	412,898
	<u><u>412,898</u></u>	<u><u>584,108</u></u>

##### Contingencies

The Group did not have any contingent liabilities as at 30 June 2019 (2018: \$nil).

#### 12. 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).

Name	Principal Activities	Country of incorporation	% equity interest	
			2019	2018
Borland Holdings Pty Ltd	Financial Services	Australia	100	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.

#### 13. 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.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current assets	9,469,416	6,624,037
Non-current assets	171,626	1,882,404
Assets	<u>9,641,042</u>	<u>8,506,441</u>
Current liabilities	1,658,536	652,698
Non-current liabilities	10,161	8,820
Liabilities	<u>1,668,697</u>	<u>661,518</u>
Retained earnings	<u><b>7,972,345</b></u>	<u><b>7,844,923</b></u>
Profit/(loss) for the year	127,420	(41,797)
Total comprehensive profit/(loss) of the Parent	127,420	(41,797)

#### Contingent liabilities

The Parent had no contingent liabilities as at 30 June 2019 (2018: none).

#### Commitments

The Parent has the same operating lease commitments as disclosed for the Group, see Note 11.

#### Guarantees

The Parent has not entered into any guarantees in relation to the debts of its subsidiary (2018: none).

### 15. Events after the reporting period

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

There have been no other 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.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

### 16. 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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Gross income from fundraising appeals	469,271	382,177
Receipts from corporate partners	2,309,632	2,527,341
Total	2,778,903	2,909,518
Less - Licence and management fees included in corporate partners receipts	(858,422)	(396,256)
Net Surplus obtained from fundraising appeals and receipts from corporate partners	<b>1,920,481</b>	<b>2,513,262</b>

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 10 (a).

### 17. Auditor's remuneration

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts received or due and receivable by Ernst &amp; Young (Australia) for:</i>		
An audit or review of the financial report of the entity	33,500	32,500
Other services	5,950	5,000
	<b>39,450</b>	<b>37,500</b>

## Directors' declaration

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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 2019 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 2019 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  
30 October 2019

## Chief Executive Officer's declaration in respect of fundraising appeals

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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 2019:

- (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  
30 October 2019

# 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 2019, 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 2019 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.

- 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***

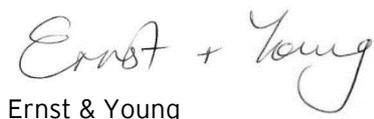
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with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

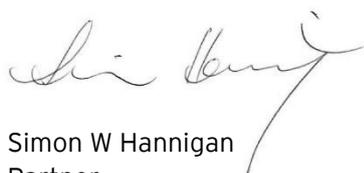
### **Opinion**

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 2019, 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 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.



Ernst & Young



Simon W Hannigan  
Partner

Sydney  
30 October 2019