

LANDCARE AUSTRALIA LIMITED

General purpose (SDS)
financial report for the year
ended 30 June 2022

ABN 63 008 656 513



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Directors' report

Landcare Australia Limited (the "Company") is a not-for-profit company limited by guarantee incorporated under the *Corporations Act 2001* and a registered charity with the Australian Charities and Not-for-Profits Commission (ACNC).

Your directors submit their report on Landcare Australia Limited for the year ended 30 June 2022.

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, unless otherwise stated.

R. W. Nicholson

P. D. Sutherland

D. E. Humann AM

R. E. W. Archer (Appointed: 1 January 2022)

J. L. Walker (Appointed: 1 January 2022)

N. J. Edwards (Appointed: 1 January 2022)

A. E. Hooper (Appointed: 1 January 2022)

R. J. Staines (Appointed: 1 July 2022)

J. Davis (Resigned: 31 December 2021)

R. J. Gatehouse (Resigned: 22 June 2022)

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.

R. W. Nicholson

BSc, LL.M, MBA, GAICD

Director since 22 September 2014

Experience and expertise

- Director - Port of Melbourne
- Director - Alinta Energy
- Director - Baker Heart and Diabetes Institute
- Senior Adviser - Herbert Smith Freehills
- 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
- Former Member - Partnerships, Marketing, Communications and Fundraising 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, Marketing, Communications and Fundraising Committee
- Former Member - Membership & Governance Committee
- Former Member - Advisory Council

D. E. Humann AM

BA (Hons), Dip ED, GAICD

Director since 13 December 2016

Experience and expertise

- Director, Doug Humann and Associates
- Director, Great Ocean Road Coast and Parks Authority (Vic)
- Advisory Board Member, Conservation Ecology Centre (Vic)
- Former Convenor, National Parks Advisory Council (Vic)
- Former Deputy Chair, Dhekkunya Dja Land Management Board
- Former CEO, Bush Heritage Australia
- Former Executive Director Victorian National Parks Association

Landcare Australia committee memberships

- Chairman of Board
- Chairman - Governance and Remuneration Committee
- Member - First Nations Landcare Working Group
- Former Member - Finance & Audit Committee & Partnerships, Marketing, Communications and Fundraising Committee

R. E. W. Archer

Director since 1 January 2022

Experience and expertise

- CEO, North Australian Indigenous Land & Sea Management Alliance
- Director, CRC for Developing Northern Australia
- Chairperson, National Feral Pig Action Plan, Implementation Committee
- Committee Member, Commonwealth Marine Parks Northern Marine Park Advisory Committee
- Former Committee Member, Commonwealth Minister for Environment Indigenous Advisory Committee
- Former Director, Australian Committee for IUCN
- Former Chairperson, NT Aboriginal Land Management Advisory Group

Landcare Australia committee memberships

- Member - First Nations Landcare Working Group

Directors' report (continued)

J. L. Walker

Director since 1 January 2022

Experience and expertise

- Fifth generation grazier
- Nuffield Scholar 2012
- Agrihive Founder and Managing Director
- Director Camden Park Station Longreach
- Australian Farmer of the Year 2018 for excellence in diversification
- Founding Chairman Advancing Agriculture Advisor Committee
- Nuffield Executive Deputy Chair 2020

Landcare Australia committee memberships

- Member - Finance & Audit Committee and First Nations Landcare Working Group

N. J. Edwards

BenvSc, BComms (Honours), MInt&CommDev.

Director since 1 January 2022

Experience and expertise

- Co-Founder of Intrepid Landcare
- Campaign Manager, cChange
- Co-Chair of National Surfing Reserves
- Former Board Member of Australian Coastal Society
- Former Board Member of Queensland Water & Land Carers
- Former Board Member of SEQ Catchments Members Association
- Former Committee Member of Gold Coast Catchments Association

Landcare Australia committee memberships

- Member - Partnerships, Marketing, Communications and Fundraising Committee

A. E. Hooper

M.Ag.Bus, B.Ag.Sc, Grad. Dip. Law, GAICD

Director since 1 January 2022

Experience and expertise

- Manager, Industry Policy, Australian Grape & Wine Incorporated
- Managing Director Obelisk Wine Co.
- Former CEO, Australian Vignerons
- Former General Manager Cape Jaffa Wines
- Former Board Member, SE NRM
- Former Board Member, Australian Vignerons
- Former Board Member, South East Water Conservation and Drainage Board
- Former Board Member, Vinehealth Australia

Landcare Australia committee memberships

- Chair - Finance & Audit Committee
- Member - Governance & Remuneration Committee

R. J. Staines

BAgricSc, MAgric, GradCertComm, GAICD

Director since 1 July 2022

Experience and expertise

- National Sustainability Field Manager, Nutrien Ag Solutions
- Former Board Member, Little River Landcare Group

Landcare Australia committee memberships

- Member - Governance & Remuneration Committee and Partnerships, Marketing, Communications and Fundraising Committee

Directors' report (continued)

J. Davis

MAgribus, MEnvPlan, BEc, MAICD, FAIM, FAusAE

Director since 2 June 2015 (Resigned 31 December 2021)

Experience and expertise

- CEO - RSPCA Tasmania
- 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 December 2015
- Chair - Finance & Audit Committee from December 2015 to December 2021

R. J. Gatehouse

BEcon CPA MAICD

Director since 1 March 2016 (Resigned 22 June 2022)

Experience and expertise

- CFO Archistar.ai
- Advisory Committee for Thrive
- Former 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

Chief Executive Officer

Dr Shane Norrish

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

Company Secretary

Janet Davison

BBus (Accounting) CPA

Directors' report (continued)

Directors' meetings

The number of the Company's Board of directors (the "Board") and of each Board Committee meeting held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Landcare Australia Board of Directors	Finance and Audit Committee	Partnerships Committee
Meetings held	7	8	7
Director			
R. W. Nicholson	7	7	7
P. D. Sutherland	7	7	7
D. E. Humann AM	7	7	7
R. E. W. Archer	2	2	2
J. L. Walker	3	4	3
N. J. Edwards	3	3	3
A. E. Hooper	3	4	3
R. J. Staines	3	3	3
J. Davis	4	4	4
R. J. Gatehouse	7	7	7

Dividends

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

Principal activities

The principal activities of the Company during the year were:

- The funding of Landcare, Landcare Farming, Junior Landcare, Coastcare and Bushfire Recovery 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, Landcare Farming, Junior Landcare, Coastcare and Bushfire Recovery activities by land managers and the community.

The activities outlined above assist and underpin achieving the Company'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 Company's vision is *all Australians actively caring for the land and water that sustains us*.

In 2020, the Landcare Australia Board collaborated with landcare stakeholders to develop a new 2020-2023 Strategic Plan that has three overarching strategies:

- (1) Landcarers on the ground are the foundation of the movement and therefore the Company is *Strengthening engagement with landcarers*.
- (2) Landcarers are depending on the Company to achieve their impact so the Company is *Driving a purpose led culture*.
- (3) The Landcare community relies on the Company's efforts for funding, promotion and support so the Company is *Leveraging emerging opportunities and innovations*.

Directors' report (continued)

Short and long term objectives (continued)

The short term and long term objectives of the Company are:

- Empowering individuals and communities
- Sustainable management of natural and productive landscapes
- Building resilient ecosystems and communities

Implementing the Company's Strategic Plan to achieve short term and long term objectives

To implement the Company's Strategic Plan, the Company applies the following pillars:

- Actively learn from and work with Traditional Owners to integrate cultural knowledge into our practices
- Grow and diversify income sources for project delivery and support of the Landcare community
- Continue to build a highly skilled professional organisation capable of delivering large scale high impact projects and support across the country
- Implement an operational culture that engages with the broader community to find new ways to create and add value to Landcare
- Use science-based approaches and Traditional ecological knowledge to deliver, measure and explain impacts and value of Landcare

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 deficit after tax of the Company for the year ended 30 June 2022 was \$470,002 (2021: \$338,706).

Overall revenues increased by 110% (2021: 11%). The majority of this increase in revenue was due to the Federal Government's funding of the \$14m Landcare Led Bushfire Recovery Program.

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 continues to be a global and local issue with community and economic consequences, many of which remain unknown. The Company continued to make significant achievements in 2022 despite various restrictions, however continuing uncertainties as to the future impacts of the pandemic may affect future revenue. As this cannot be known with 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 2022 there were 7 members (2021: 5).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company 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 Company's operations or results of those operations or the Company's state of affairs.

Directors' report (continued)

Likely developments and expected results

The Company continues to be committed to supporting an inclusive Landcare movement which reflects Landcare Australia's vision of all Australians actively caring for the land and water that sustains us.

Environmental regulation and performance

The Company 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 Company 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 Company. 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 Company.

Indemnification of auditor

To the extent permitted by law, the Company 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 of Landcare Australia Limited. A copy has been included on page 8 of the report.

Signed in accordance with a resolution of the directors.



D. E. Humann AM
Chairman
Melbourne
19 October 2022



**Building a better
working world**

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

In relation to our audit of the financial report of [name of entity] for the financial year ended 30 June 2022, 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:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

A handwritten signature in cursive script that reads "Ernst + Young".

Ernst & Young

A handwritten signature in cursive script that reads "Simon Hannigan".

Simon Hannigan
Partner
19 October 2022

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue	4.1	18,640,996	8,235,843
Other revenue	4.1	98,529	652,674
Finance income	4.2	18,646	41,732
Total revenue		18,758,171	8,930,249
Partnerships, fundraising and grants management		(15,695,373)	(6,015,114)
Landcare services project delivery		(1,789,572)	(1,244,109)
Community engagement and awareness		(1,198,548)	(1,488,229)
Organisational support		(529,613)	(503,819)
Finance costs	4.2	(15,067)	(17,684)
Deficit before income tax		(470,002)	(338,706)
Income tax expense		-	-
Deficit for the year		(470,002)	(338,706)
Other comprehensive surplus		-	-
Total comprehensive deficit for the year		(470,002)	(338,706)

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

Statement of financial position

As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	5	11,698,063	16,691,198
Trade and other receivables	6	654,055	390,369
Total current assets		<u>12,352,118</u>	<u>17,081,567</u>
Non-current assets			
Property, plant and equipment	7	44,706	76,817
Right-of-use assets	8	307,121	458,002
Total non-current assets		<u>351,827</u>	<u>534,819</u>
Total assets		<u>12,703,945</u>	<u>17,616,386</u>
Liabilities			
Current liabilities			
Trade and other payables	9	1,895,531	2,122,494
Contract liabilities	10	2,908,681	6,935,250
Employee benefit liabilities	11	319,203	333,499
Lease liabilities		129,587	147,776
Total current liabilities		<u>5,253,002</u>	<u>9,539,019</u>
Non-current liabilities			
Employee benefit liabilities	11	16,758	43,593
Lease liabilities		216,593	346,180
Total non-current liabilities		<u>233,351</u>	<u>389,773</u>
Total liabilities		<u>5,486,353</u>	<u>9,928,792</u>
Net assets		<u>7,217,592</u>	<u>7,687,594</u>
Equity			
Retained earnings		7,217,592	7,687,594
Total equity		<u>7,217,592</u>	<u>7,687,594</u>

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

Statement of changes in equity

For the year ended 30 June 2022

	Retained earnings	Total equity
	\$	\$
At 1 July 2021	7,687,594	7,687,594
Deficit for the year	(470,002)	(470,002)
Other comprehensive surplus	-	-
Total comprehensive deficit for the year	<u>(470,002)</u>	<u>(470,002)</u>
At 30 June 2022	<u>7,217,592</u>	<u>7,217,592</u>
At 1 July 2020	8,026,300	8,026,300
Deficit for the year	(338,706)	(338,706)
Other comprehensive surplus	-	-
Total comprehensive deficit for the year	<u>(338,706)</u>	<u>(338,706)</u>
At 30 June 2021	<u>7,687,594</u>	<u>7,687,594</u>

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

Statement of cash flows

For the year ended 30 June 2022

	2022	2021
Notes	\$	\$
Operating activities		
Receipts from customers	14,449,270	14,599,573
Payments to suppliers and employees	(19,286,137)	(7,902,812)
Interest received	4.2 18,646	41,732
Interest paid	4.2 (15,067)	(17,684)
Net cash flows (used in)/from operating activities	<u>(4,833,288)</u>	<u>6,720,809</u>
Investing activities		
Purchase of property, plant and equipment	(12,071)	(22,816)
Net cash flow used in investing activities	<u>(12,071)</u>	<u>(22,816)</u>
Financing activities		
Payment of principal portion of lease liabilities	(147,776)	(163,073)
Net cash flows used in financing activities	<u>(147,776)</u>	<u>(163,073)</u>
Net (decrease)/increase in cash and cash equivalents	(4,993,135)	6,534,920
Cash and cash equivalents at July 1	16,691,198	10,156,278
Cash and cash equivalents at 30 June	5 <u>11,698,063</u>	<u>16,691,198</u>

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

Notes to the financial statements

For the year ended 30 June 2022

1. Corporate information

The financial statements of Landcare Australia Limited (the "Company") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 19 October 2022.

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 2022 is Level 3, 6 Help Street, Chatswood, NSW 2067.

Further information on the nature of the operations and principal activities of the Company is provided in the directors' report. Information on other related party relationships of the Company is provided in Note 12.

2. Significant accounting policies

2.1 Basis of preparation

These general purpose financial statements have been prepared in compliance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Accounting Standards - Simplified Disclosures*. The Company is a not-for-profit entity for the purposes of preparing these financial statements.

The financial report has been prepared under the historical cost convention, are presented in Australian dollars and all values are rounded to the nearest dollar (\$).

2.2 Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2022 do not materially impact the financial statements of the Company.

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 Company for the annual reporting year ended 30 June 2022. The Company intends to adopt the new or amended standards or interpretations when they become effective.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the 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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

a) Current versus non-current classification (continued)

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 Company classifies all other liabilities as non-current.

b) Cash and cash equivalent

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

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

c) Trade and other receivables

A receivable represents the Company'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 Company 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.

d) 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 Company 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 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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

e) Impairment of non-financial assets

The Company 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 Company 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 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.

f) 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 Company prior to the end of the financial year that are unpaid and arise when the Company 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.

g) Leases

Contracts contain both lease and non-lease components. The Company 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 Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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.

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 Company.

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 Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

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

The Company 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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

g) Leases (continued)

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 Company 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 - Sydney 2.5 years

If ownership of the leased asset transfers to the Company 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(e) Impairment of non-financial assets.

h) Employee benefit liabilities

Long service leave and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company 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 financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

i) Revenue recognition

The Company 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 Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company:

- 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 Company is eligible to retain the donation, the donation will be recognised in the statement of financial position as a liability until those conditions are satisfied.

(iii) Grants

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

If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant will be recognised in the 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.

(v) Other revenue

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

JobKeeper

The government's JobKeeper payments is a subsidy for businesses significantly affected by COVID-19. JobKeeper payments that were received by the Company are included in other revenue in the statement of profit or loss and other comprehensive income.

COVID-19 cashflow boost

The government introduced temporary cash flow boosts that support small and medium businesses during the economic downturn associated with COVID-19. This has been recognised as other revenue in the statement of profit or loss and other comprehensive income.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

j) 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.

k) Finance cost

Finance costs are expensed in the period in which they occur. Finance costs consist of interest expense.

l) Taxes

Under Section 50-50 of the *Income Tax Assessment Act, 1997* as amended, the Company is exempt from 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 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 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 financial statements (continued)

For the year ended 30 June 2022

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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

Estimation of useful lives of assets

The Company 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 Company:

- 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 Company which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Company 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 Company 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 Company '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 Company estimates the IBR using observable inputs (such as market interest rates) when available and where necessary is required to make certain entity-specific estimates.

Notes to the financial statements (continued)

For the year ended 30 June 2022

4. Revenue and expenses

4.1 Revenue and other revenue

	<u>2022</u>	<u>2021</u>
	\$	\$
AASB 15		
Government grants and fee for service	13,929,691	2,509,530
Corporate partnerships and licence fees	4,320,515	5,242,539
Fundraising and other income	390,790	483,774
Total revenue	<u>18,640,996</u>	<u>8,235,843</u>

Performance obligations

Information about the Company'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.

	<u>2022</u>	<u>2021</u>
	\$	\$
AASB 1058		
Other revenue		
Covid-19 Government subsidy income	-	640,800
Other revenue	98,529	11,874
	<u>98,529</u>	<u>652,674</u>

The receipt of JobKeeper allowed the Company to maintain operations during the Covid-19 lockdown periods without a detrimental impact on the staffing numbers. The Company has determined that all eligible employees have received their JobKeeper entitlements from the date of our assessed eligibility.

4.2 Finance costs and income

	<u>2022</u>	<u>2021</u>
	\$	\$
Finance costs		
Interest expense on lease liabilities	<u>15,067</u>	<u>17,684</u>
Finance income		
Interest received from financial institutions	<u>18,646</u>	<u>41,732</u>

Notes to the financial statements (continued)

For the year ended 30 June 2022

5. Cash and cash equivalent

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash at bank and on hand	4,698,063	8,891,198
Bank deposits at call	7,000,000	7,800,000
	<u>11,698,063</u>	<u>16,691,198</u>

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

6. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	\$	\$
Current		
Trade receivables	630,407	350,134
Other receivables	23,648	40,235
	<u>654,055</u>	<u>390,369</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>
	\$	\$	\$	\$	\$
Cost					
At 1 July 2021	124,102	52,168	136,763	128,400	441,433
Additions	8,662	3,409	-	-	12,071
At 30 June 2022	<u>132,764</u>	<u>55,577</u>	<u>136,763</u>	<u>128,400</u>	<u>453,504</u>
Accumulated depreciation					
At 1 July 2021	98,289	50,084	87,843	128,400	364,616
Depreciation charge for the year	18,502	2,198	23,482	-	44,182
At 30 June 2022	<u>116,791</u>	<u>52,282</u>	<u>111,325</u>	<u>128,400</u>	<u>408,798</u>
Net book value					
At 30 June 2022	<u>15,973</u>	<u>3,295</u>	<u>25,438</u>	<u>-</u>	<u>44,706</u>
At 30 June 2021	<u>25,813</u>	<u>2,084</u>	<u>48,920</u>	<u>-</u>	<u>76,817</u>

Notes to the financial statements (continued)

For the year ended 30 June 2022

8. Leases

Company as a lessee

The Company has a lease contract as at 30 June 2022 for use of premises to conduct its operations for a remaining period of 2.5 years (Sydney office). The Company's obligations under its lease is secured by the lessor's title to the leased asset.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings
	\$
As at 1 July 2021	458,002
Depreciation expense	<u>(150,881)</u>
As at 30 June 2022	<u>307,121</u>

Presented below is a maturity analysis of future lease payments:

	2022	2021
	\$	\$
Not later than 1 year	139,662	162,007
Later than 1 year and not later than 5 years	<u>219,296</u>	<u>358,958</u>
	<u>358,958</u>	<u>520,965</u>

9. Trade and other payables

	2022	2021
	\$	\$
Current		
Trade payables	183,710	323,933
Other payables and accruals	1,710,950	1,366,424
GST payable	<u>871</u>	<u>432,137</u>
	<u>1,895,531</u>	<u>2,122,494</u>

10. Contract liabilities

Contract liabilities relate to funds received for which the respective services have not yet been completed by the Company. Contract liabilities are recognised at their fair value when the revenue is received and are released to the statement of profit or loss and other comprehensive income when the Company meets all conditions attached to the relevant contract, grant or donation.

During the reporting period, the Company received \$8,400,000 (2021: \$5,600,00) in funding for the Landcare Led Bushfire Recovery Program, of which \$1,307,718 (2021: \$5,182,666) was recognised as a contract liability for this program at 30 June 2022.

Notes to the financial statements (continued)

For the year ended 30 June 2022

11. Employee benefit liabilities

	<u>2022</u>	<u>2021</u>
	\$	\$
Current		
Employee benefits	<u>319,203</u>	<u>333,499</u>
Non-current		
Employee benefits	<u>16,758</u>	<u>43,593</u>

12. Related party disclosures

a) Directors

The following persons were directors of Landcare Australia Limited during the financial year, unless otherwise stated:

R. W. Nicholson

P. D. Sutherland

D. E. Humann AM

R. E. W. Archer (Appointed: 1 January 2022)

J. L. Walker (Appointed: 1 January 2022)

N. J. Edwards (Appointed: 1 January 2022)

A. E. Hooper (Appointed: 1 January 2022)

R. J. Staines (Appointed: 1 July 2022)

J. Davis (Resigned: 31 December 2021)

R. J. Gatehouse (Resigned: 22 June 2022)

The Company's partners during the year under review, and during the previous year, include companies and organisations of which some of the Company'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.

With the exception of reasonable out-of-pocket expenses, there were no other transactions with director related entities during the year ended 30 June 2022. 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 (2021: none).

Notes to the financial statements (continued)

For the year ended 30 June 2022

12. Related party disclosures (continued)

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>2022</u>	<u>2021</u>
	\$	\$
Key management personnel compensation	<u>416,260</u>	<u>415,408</u>

d) Transactions with key management personnel and their related entities

There were no transactions with key management personnel during the current financial year (2021: none).

13. Commitments and contingencies

Commitments

The Company did not have any commitments as at 30 June 2022 (2021: \$nil).

Contingencies

The Company did not have any contingent liabilities as at 30 June 2022 (2021: \$nil).

14. Financial risk management

Interest risk exposure

The Company'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 Company.

15. Events after the reporting period

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

Notes to the financial statements (continued)

For the year ended 30 June 2022

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Gross income from fundraising appeals	390,790	483,774
Receipts from corporate partners	4,320,515	5,242,539
Total	<u>4,711,305</u>	<u>5,726,313</u>
Less - Licence and management fees included in corporate partners receipts	<u>(915,640)</u>	<u>(1,136,428)</u>
Net Surplus obtained from fundraising appeals and receipts from corporate partners	<u>3,795,665</u>	<u>4,589,885</u>

The Company 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 Company 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(i).

Remuneration received by members of the Board is disclosed in Note 12(a).

17. Auditor's remuneration

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

	<u>2022</u>	<u>2021</u>
	\$	\$
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
An audit or review of the financial report of the Company	37,725	35,500
Compilation of financial statements	5,500	5,800
	<u>43,225</u>	<u>41,300</u>

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 financial statements and notes of the Company for the financial year ended 30 June 2022 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and its performance for the year ended on that date; and
 - (ii) complying with *Australian Accounting Standards - Simplified Disclosures* 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
19 October 2022

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 financial statements of Landcare Australia Limited for the year ending 30 June 2022:

- (a) the 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 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
19 October 2022

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), which comprises the statement of financial position as at 30 June 2022, the statement of profit and loss and other comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosures 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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 - Simplified Disclosures 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 Company'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 Company 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 Company'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 Company'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 Company 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.



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 Regulation 2021*

We have audited the financial report as required by Section 24(1) 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 Regulation 2021*.

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 Regulation 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 the Company has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2022, in all material respects, in accordance with:
 - i. Sections 20(1), 22(1-2), and 24(1) of the *NSW Charitable Fundraising Act 1991*;
 - ii. Sections 14(2) and 17 of the *NSW Charitable Fundraising Regulation 2021*;
- b. The money received as a result of fundraising appeals conducted by the Company during the financial year ended 30 June 2022 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulation.

Ernst & Young

Simon Hannigan
Partner
Sydney
19 October 2022