Carbon Neutral Charitable Fund Ltd

(ABN 99 124 696 966)

DIRECTORS' REPORT AND

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Issued: 23 January 2019

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GLOSSARY

AASB	the Australian Accounting Standards Board
ACNC	the Australian Charities and Not-for-Profits Commission
The "Act"	The *Australian Charities and Not-for-profits Commission Act 2012*
ASIC	the Australian Securities and Investments Commission
ATO	the Australian Taxation Office
CFI	Carbon Farming Initiative
the "Company"	Carbon Neutral Charitable Fund Ltd
CNCF	Carbon Neutral Charitable Fund Ltd
CNPL	Carbon Neutral Pty Ltd
DGR	Deductible Gift Recipient
GST	Goods and Services Tax
MOTT	Men of the Trees
REO	Register of Environmental Organisations

CORPORATE DIRECTORY

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

DIRECTORS' REPORT

Your directors present this report on the company, Carbon Neutral Charitable Fund Ltd ("**CNCF**"), formerly Carbon Neutral Ltd, for the year ending 30 September 2018.

GOVERNANCE

Directors

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

Name	*Date Appointed*	*Date Resigned*
Ian Rawlings (Chairman)	Apr-08	
Danelle Baxter	Dec-15	
Jeff Bremer	May-11	
Chris Ferreira	Apr-08	Nov-17
Adam Marr	Nov-17	
Denise True	Feb-16	
Richard West	Aug-13	May-18
Brian Wickins	Apr-08	
Ray Wilson	Dec-15	
Katherine Clayton	Sep-18	

Company Secretary

Mr Richard West held the position of company secretary until his retirement in November 2017. Mr Ray Wilson subsequently took on the role of secretary.

Responsible Persons

All directors and the Secretary are listed with the Australian Charities and Not-for-profits Commission as "Responsible Persons" for the company.

Information on Directors

Ian Rawlings DipMgt

(Chairman since July 2011)
Ian has been a Men of the Trees ("**MOTT**") member for 13 years and was on the MOTT board for 7 years. He came into MOTT via City Farm where he and his wife Linda worked on the Save City Farm campaign team, which secured for MOTT a 40 year peppercorn lease over that prime East Perth property. He has a lifelong passion for things environmental and especially sustainable building. In his day job Ian is the CEO for Central Desert Native Title Services Ltd which is a group of people committed to seeing the Aboriginal people of central WA gaining (western) property rights over their ancestral country.

Danelle Baxter BA, MLS

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

Jeff Bremer BEng (Hons) PhD, FIE(Aust)

Jeff is a Principal Engineer specialising in slurry transport, and piping and pumping systems, with special expertise in strategic analysis of GHG emissions and energy policy. He has also led remote area energy studies for locations in the Indian Ocean. Jeff is a Fellow of the Institute of Engineers Australia, has a PhD in Physical Chemistry and is currently working with Clean TeQ Holdings Limited who are developing a a Nickel/Cobalt mine and extraction plant in NSW.

Katherine Clayton BBus (Marketing)
Katherine is an experienced Human Resources Leader with demonstrated success in leading transformation projects. She is skilled in HR Strategy, Culture Transformation, Workforce Engagement Strategy, Diversity & Inclusion, Resourcing, Talent Management and Leadership Development. Katherine joined CNCF Board in late 2018 keen to provide provides a positive impact to communities and the physical environment, believing that every gesture counts and that we must all focus on the little things which have a cumulative impact on the world around us.

Chris Ferreira BSc
Chris has been a past Vice President and Board member of Men of the Trees and is a founding member of the Revegetation Team Management Committee. Chris has a degree in forestry with specialist training landcare planning and design. Since 1999 he has run his own Landcare and Sustainability business, Landcare Solutions, which has designed and delivered WA's largest community environmental education program including the highly successful Heavenly Hectares, Property Planning and Great Gardens program. Chris specialises in environmental journalism, education and advocacy in sustainability.

Adam Marr BBus, MSc
Adam has worked in London and across Australia, in both start-ups and $1bn+ organisations. Most recently Adam jointly owns and delivers business advisory services through StepBeyond - a strategy consultancy and a certified B Corporation (revenue/profit generated from sustainable impact). He has studied in Perth, Melbourne and Vietnam and holds a Bachelor of Business from RMIT University and Master of Science (Sustainability) from Curtin University. Adam is also Chair of the Community Arts Network (CAN) Board. Adam is driven toward helping create a shared future we can all be proud of - one project at a time.

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

Richard (Ric) West BA, MAcc, MSc (Mineral Economics), JP, FIPA, GIA (Cert)
Ric runs his private audit practice. He is an accountant with extensive experience with not-for-profit organisations. He serves as Executive Director – Finance for Peedac Pty Ltd, an indigenous organisation operating in Perth. Ric is one of the Trustees of the Company's Gift Fund.

Brian Wickins
Born in rural England, Brian had a strong bond with the countryside from an early age. Following a 10-year career in rubber and plastics engineering, design and manufacture, Brian emigrated to Australia in 1983. His interest in technology led him into publishing. In 1992 he formed Resolutions, with his partner Adriana, to provide specialist publishing and communication services to the Australian resource sectors. In 2005 they purchased 110 acres in Donnybrook to breed goats and sheep. Brian joined the CNCF board in 2007 and was on the MOTT Board 2007-13.

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

Meetings of Directors

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

Director	***Eligible to attend***	***Attended***
Ian Rawlings (Chairman)	5	5
Ric West (Company Secretary)	2	1
Danelle Baxter	5	3
Jeff Bremer	5	3
Katherine Clayton	1	1
Adam Marr	4	4
Denise True	5	5
Brian Wickins	5	1
Ray Wilson (Exec Director)	5	5

ACNC Governance Standards

The company adopted, and continues to meet, the 5 ACNC Governance Standards in its framework for governance. The standards are:

1. Not-for-profit and working towards purpose;
2. Accountability to members;
3. Compliance with Australian Laws;
4. Suitability of Responsible Persons; and
5. Duties of Responsible Persons.

REVIEW OF OPERATIONS

Operating Results

This is Carbon Neutral Charitable Fund Limited's tenth annual report.

The company recorded a profit for the year under review of $18,269 (2017: Profit $40,317).

Principal Activities

CNCF principal activities are:

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

CNCF is registered with ACNC; the Register of Environmental Organisations; and holds a Collections Licence with the Western Australian Department of Mines, Industry Regulation and Safety - Consumer Protection.

Our major revegetation project for 2018 was a 22 hectare biodiverse sandalwood restoration planting at Bencubbin. Western Australian native sandalwood (*Santalum spicatum*) was one of the State's first significant export industries from 1844 to the 1930s. Consequently, few remnant trees remain in the wheatbelt.

As a high value wood product, sandalwood offers a new revenue stream for farmers throughout the WA agricultural regions. It grows best on marginally productive land, including deep acid Wodjil soils. Landowners can also earn carbon credits from sandalwood plantations.

CNCF is pleased to have registered, as an aggregator, the first Farm Forestry sandalwood project for carbon in Australia under the Federal Government's Emission Reduction Fund (ERF). This allows carbon credits to be generated from the accumulated woody biomass growth over a 25 year crediting period.

The landowner retains ownership of the land and trees and harvest rights for all forest products, including commercial harvest at any age of sandalwood and sandalwood nuts. They can also graze sheep after three years once the trees and shrubs are established. Our Bencubbin site landowner and farmer, Mark Fitzpatrick, sees sandalwood harvest as part of his 'superannuation', but is also attracted to other shorter-term benefits of the plantings particularly stopping wind erosion on lighter soils and providing good shelter belts for lambing ewes. On a larger scale, he sees a potential reduction of salinity recharge in some areas from planting the native trees which are sandalwood hosts.

CNCF also did a 500 stem in-fill planting and kangaroo fencing for a Utility client's site at Mundaring and a 3,780 tree re-planting at the Guildford Meadows site which was flooded in 2016.

Looking forward, we are working through a strategic planning process and have some exciting planting projects in the pipeline for 2019 as well as a number of R&D projects which are subject to industry grant funding.

CNCF has welcomed a Board member in Katherine Clayton this year following the departure of a number of long serving Board members in Ric West and a founding Director, Chris Ferreira.

On behalf of the Board I wish to thank our staff for their ongoing hard work and professionalism.

Significant changes in the state of affairs

No other significant changes occurred during the year.

After Balance Date Events

No matters have arisen since the end of the year that will or may significantly affect:

i) the company's operations in future financial years or
ii) the results of those operations in future financial years, or
iii) the company's state of affairs in future financial years

ENVIRONMENTAL PERFORMANCE

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

The company is listed on the Register of Environmental Organisations as a Deductible Gift Recipient.

DISTRIBUTIONS TO MEMBERS DURING THE YEAR

No dividends or distributions were recommended, declared or paid to members during the year. The company is a non-profit company and its Constitution does not allow payments including dividends, bonuses or distributions of profit, directly or indirectly, to members, officers, servants, agents or employees other than as reasonable remuneration for services rendered.

INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the company. The company holds an Association liability insurance policy with Allianz Australia Insurance Ltd which includes Director's and Officer's as well as Professional Indemnity insurance.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The company's auditor is Ray Woolley Pty Ltd. A copy of the auditor's independence declaration as required under section 60.40 of the *Australian Charities and Not-for-Profits Commission Act 2012* ("**the Act**") is set out in page 7 of this report

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

Ian Rawlings
Chairman

Perth, Western Australia
23 January 2019

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

Dear Directors,

AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2017 there have been no contraventions of:

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

Ray Woolley Pty Ltd

Ray Woolley
17 Russley Grove
Yanchep WA 6035

23 January 2019

FINANCIAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

DIRECTORS' DECLARATION

The directors, being the Responsible Persons' of Carbon Neutral Charitable Fund Ltd, declare that in the director's opinion:

1. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The financial statements and notes:
   a. satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012;*
   b. give a true and fair view of the financial position of the company as at 30 September 2018 and of its performance for its operations as a whole for the year then ended; and,
   c. comply with Australian Accounting Standards – Reduced Disclosure Requirements.

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

Ian Rawlings,
Director - Chairman

Perth, Western Australia
23 January 2019

Ray Wilson,
Executive Director

Perth, Western Australia
23 January 2019

Emphasis of Matter – Basis of Accounting

INDEPENDENT AUDITOR'S REPORT

To the members of the Carbon Neutral Charitable Fund Ltd.

Report on the Audit of the Financial Report

Opinion

I have audited the accompanying consolidated financial report of Carbon Neutral Charitable Fund Ltd, which comprises the statement of financial position as at 30 September 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the director's declaration.

In my opinion, the company's financial report has been prepared in accordance with the relevant requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

a) giving a true and fair view of the registered entity's financial position at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Regulations 2013.*

Basis for Opinion

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

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

Emphasis of Matter

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the company's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view and has determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the needs of the sole member. The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a 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 addressing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using going concern basis of accounting unless the directors intend to liquidate the company or to cease operations, or has no realistic alternatives but to do so.

The Directors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

My 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 my 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' 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 registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity 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.

I communicate with responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Ray Woolley Pty Ltd

Ray Woolley
Registered Company Auditor No 16396
23 January 2019

STATEMENT OF FINANCIAL POSITION

As At 30 September 2018

	Note	**Sep-18**	Sep-17
		$	$
Current Assets			
Cash and cash equivalents	5	**369,556**	431,796
Trade and other receivables	7	**3,428**	1,348
Inventory		**24,628**	-
Other current assets	8	**2,344**	1,892
Land held for sale	9	**130,000**	130,000
Total Current Assets		**529,956**	565,036
Non-Current Assets			
Property, plant and equipment	10	**248,524**	288,047
Total Non-Current Assets		**248,524**	288,047
Total Assets		**778,480**	853,083
Current Liabilities			
Trade and other payables	11	**7,639**	95,768
Provisions and accruals	12	**6,300**	11,043
Total Current Liabilities		**13,939**	106,811
Total Liabilities		**13,939**	**106,811**
Net Assets		**764,541**	746,272
Equity			
Member's funds - Reserves		746,272	705,955
Retained earnings(losses)		**18,269**	40,317
Total Equity		**764,541**	746,272

The accompanying notes form part of these financial statements

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 30 September 2018

	Note	Sep-18	Sep-17
		$	$
Revenue from continuing operations	2	**341,093**	345,810
Other income		**4,445**	5,000
		345,538	350,810
Less:			
Planting costs	3	**(58,543)**	(75,899)
Non planting COS		**(39,243)**	(28,030)
Rent, rates and services		**(6,297)**	(3,628)
Office expenses		**(6,499)**	(3,684)
Operating expenses		**(11,939)**	(12,277)
Employment expenses		**(157,347)**	(140,338)
Professional services		**(7,878)**	(8,400)
Depreciation		**(39,523)**	(38,237)
		(327,269)	(310,493)
Net Surplus/(Loss) before income tax		**18,269**	40,317
Income tax expense	2k	**-**	-
Net Surplus/(Loss) after income tax		**18,269**	40,317
Other comprehensive income		**-**	-
Total comprehensive income (loss)		**18,269**	40,317

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 September 2018

	Retained Earnings $	General Reserve $	Total $
Balance at 30 September 2016	**705,955**	**-**	**705,955**
Profit for the year	40,317	-	40,317
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	40,317	-	40,317
Balance at 30 September 2017	**746,272**	**-**	**746,272**
Profit for the year	18,269	-	18,269
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	18,269	-	18,269
Balance at 30 September 2018	**764,541**	**-**	**764,541**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
For The Year Ended 30 September 2018

	Note	**Sep-18**	Sep-17
		$	$
Cash flows from operating activities			
Receipts from clients and donors		**316,248**	346,678
Interest received		**2,582**	5,000
Payments to employees and suppliers		**(381,070)**	(281,906)
Net cash inflow/(outflow) from operating activities		**(62,240)**	69,772
Cash flows from investing activities			
Sale of land		**-**	-
Payments for property, plant and equipment		**-**	58,774
Sale of property, plant and equipment		**-**	-
Net cash inflow/(outflow) from investing activities		**-**	58,774
Cash flows from financing activities			
Proceeds from financing activities		**-**	-
Cash outflows for financing activities		**-**	-
Net cash inflow from investing activities		**-**	-
Net increase/(decrease) in cash		**(62,240)**	10,998
Cash at the beginning of the financial year	5	431,796	420,798
Cash at the end of the financial year	5	**369,556**	431,796
Net increase/(decrease) in cash		**(62,240)**	10,998

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Accounting

Date of Issue

The directors issued these accounts on 23 January 2019. The directors have the authority to amend the financial reports after that date.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Statement of Compliance

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031: *Materiality* and AASB 1054: *Australian Additional Disclosures*.

Basis of Preparation

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared on a "going concern" basis.

2. Summary of Significant Accounting Policies

a. Revenue

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Carbon Neutral Charitable Fund Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

b. Inventories on Hand

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less, where applicable, accumulated depreciation and any impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

g. Employee Benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding grants receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

k. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

l. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

n. Accounts Payable and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within the short term.

o. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

(a) *Impairment*
The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

3. REVENUE

	30-Sep-18	30-Sep-17
	$	$
From operating activities:		
Donations received for trees	**20,393**	8,829
Donations received	**63,133**	59,287
Major business offsets	**167,816**	131,036
Ecards	**5,699**	6,632
Business Plant a Tree	**45,756**	67,973
Net grant funding	**-**	-
Other Revenue	**38,296**	72,053
	341,093	345,810
Other Income		
Interest received	**4,445**	5,000
	4,445	5,000

4. MAJOR PLANTING EXPENSES

Planting establishmen	**0**	9,738
Monitoring costs	**1,383**	19,282
Caveats and covenants	**2,836**	348
Landholder expense payments	**18,541**	-
Landholder costs	**35,783**	46,531
	58,543	75,899

	30-Sep-18	30-Sep-17
	$	$

5. CASH AND CASH EQUIVALENTS

Cash on hand	**34**	195
Cash at bank - Operating account	**40,777**	15,892
Cash at bank - Term Deposit	**200,000**	254,005
Cash at bank - Cash Reserve	**128,745**	161,704
	369,556	431,796

Term Deposits mature on 7 February 2018

6. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Net Surplus/(loss) before income tax	**18,269**	40,317
Changes in operating assets/liabilities	**39,523**	38,237
(Increase)/Decrease in trade & other receivables & other current assets	**(2,532)**	868
(Increase)/Decrease in inventory	**(24,628)**	-
Increase/(Decrease) in provisions	**(4,743)**	(4,709)
Increase/(Decrease) in current trade & other payables	**(88,129)**	(4,941)
Prior year adjustments	**-**	-
Net cash inflow/(outflow) from operating activities	**(62,240)**	69,772

7. TRADE & OTHER RECEIVABLES

Trade debtors	**-**	220
Prepaid landowner incentives	**-**	-
Other receivable	**3,428**	1,128
	3,428	1,348

Terms: Receivables are usually settled within 30 days and are generally non-interest bearing
Impairment: An allowance for doubtful debts is made when there is objective evidence that as trade receivable is impaired.

8. OTHER CURRENT ASSETS

Prepaid insurance	**2,344**	1,892

9. LAND HELD FOR SALE

Land	**225,000**	225,000
Diminution in value	**(95,000)**	(95,000)
	130,000	130,000

Land For Sale: Lot 6117 and Lot 7738 Shaw Road Badgebup.

	30-Sep-18	30-Sep-17
	$	$

10. PROPERTY , PLANT AND EQUIPMENT

Trees at cost	**378,760**	378,760
Accumulated depreciation	**(137,002)**	(99,126)
	241,758	279,634
Equipment at cost	**8,774**	8,774
Accumulated depreciation	**(2,008)**	(361)
	6,766	8,413

Movement in carrying amounts

	Equipment	***Trees***	***Total***
Balance at 1 Oct 2016	-	183,750	183,750
Additions	8,774	133,760	142,534
Accumulated Depreciation	(361)	(37,876)	(38,237)
Carrying amount at 30 Sep 2017	8,413	279,634	288,047
Additions	-	-	-
Depreciation	(1,647)	(37,876)	(39,523)
Carrying amount at 30 Sep 2018	**6,766**	**241,758**	**248,524**

11. TRADE AND OTHER PAYABLES

Trade creditors	**3,235**	638
Accrued annual leave	**2,900**	8,339
Superannuation	**956**	2,061
PAYG	**1,787**	1,590
GST	**(1,239)**	(620)
Other	**-**	83,760
	7,639	95,768

The accruals for annual leave are presented as a current obligation, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave within the next 12 months. The expected cash out flow timing is anticipated to be within one year. The Company has no policy whereby employees are required to take their accrued leave each 12 months.

12. PROVISIONS AND ACCRUALS

Audit fee provision	**4,500**	4,500
Accrued expenses	**1,800**	1,800
Landowner incentives	**-**	4,743
	6,300	11,043

Landowner Incentives: These are paid to landowners for caretaking the trees sequestering the carbon. There is one valid Landowner Agreement in place with final incentive payment due 2018.

13. REMUNERATION OF AUDITORS

The company's auditor is Ray Woolley Pty Ltd. During the year an amount of $4,500 was paid to the auditor for audit services provided in the 2017 financial year.

14. KEY MANAGEMENT PERSONNEL

The key management personnel comprise the Directors identified in the Director's report and the following management staff:

Position		
Executive Director (Chief Executive Officer)	**Ray Wilson**	Ray Wilson
	Sep-18	Sep-17
Total remuneration paid (salary)	**$**	$
Contract management fee through Insight Marketing & Management Trading Trust	**58,903**	56,160

Directors, other than Ray Wilson, are volunteers and have no beneficial interest in the company. Remuneration of $7,650 was paid to Denise True (Director) during the year for professional services.

15. RELATED PARTY TRANSACTIONS

	Sep-18	Sep-17
	$	$
Related Party Transactions		
Men of the Trees Inc.	**10,730**	19,462

Trillion Trees (formerly Men of the Trees (MOTT)) is a Registered Environmental Charity.
At 30 September 2017, Chris Ferreira was a director of CNCF and also a director of Trillion Trees. Mr Ferreira resigned from CNCF in November 2017. He does not have a beneficial interest in Trillion Trees MOTT.

16. COMMITMENTS

Operating Lease Commitments
There were no operating lease commitments at year end.

Planting Commitments
There were no planting commitments outstanding at year end.

17. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets
There were no contingent assets at year end.

Contingent Liabilities
There were no contingent liabilities at year end.

18. FINANCIAL INSTRUMENTS

Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The company does not have any derivative instruments at 30 September.

i. Treasury Risk Management
All funds are held in at-call deposits or in short term investments with major banks.

ii. *Financial Risks*
The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk
There is no significant interest rate risk. Cash held in banks is subject to floating interest rates. There is no interest risk on Accounts payable or receivable.

Liquidity risk
The company manages liquidity risk by monitoring forecast cash flows.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The company does not usually have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price risk
The company is not exposed to any material commodity price risk.

Foreign currency risk
The company is not exposed to fluctuations in foreign currencies.

19. MEMBER GUARANTEE

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of $1 each towards to the property of the company for payment of the debts and liabilities of the company.

At 30 September 2018 the number of members was 56.

20. EVENTS AFTER THE BALANCE DATE

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