Greening Australia Ltd and controlled entities

ABN 40 002 963 788

Annual Report - 30 June 2023

Greening Australia Ltd and controlled entities
Directors' report
30 June 2023

The Directors present their report, together with the financial statements, of Greening Australia Ltd ('company') and its controlled entities ('consolidated entity') for the financial year ended 30 June 2023.

Principal Activities

The principal activities during the year continue to involve restoring landscapes nationally, to improve biodiversity and water quality, sequester carbon, and support local communities and economies. This is achieved through utilising over 40 years of expertise in land-based restoration, applying the best science and partnering with a range of landholders and First Nations communities enabling both people and nature to thrive.

Company Objectives

The principal objective of the company is to engage the community in vegetation management to protect and restore the health, diversity and productivity of our unique Australian landscapes at scale.

Company Strategies

The company continued to focus on how we need to operate within our businesses to achieve our 2030 goals. Subsequently, Greening Australia restructured its core operating model for maximum capability to execute restoration with the efficiency of a for profit enterprise and deliver impact with the heart of a not-for-profit.

For the native seed business, Nindethana Seed Service Pty Ltd (Nindethana), this involved getting investment ready, restructuring to create a workforce with the best skills and capabilities to grow and deliver on our native seed goals.

FY23 Highlights

The company established 4,393,801 plants - a 5% increase on FY22. 37,920 tonnes of carbon was sequestered and 12,742 tonnes of water pollutants were prevented from reaching the Great Barrier Reef. To achieve this, enabling both people and nature to thrive, agreements were entered into with 40 landholders and the company engaged with First Nations Peoples through 72 partnerships.

Continuing the journey to deliver restoration at scale, a record environmental planting carbon aggregation was registered with the Clean Energy Regulator with 2.26 million native plants to be established over 1,228 hectares. This involves 14 landholders, expected to generate over 250,000 Australian Carbon Credit Units (ACCUs).

Strengthening its capabilities to deliver impactful restoration and addressing the key supply chain issue of land, in July 2022, the company acquired a second property to add to its portfolio. Glandore, a 2,560-hectare property on the Eyre Peninsula in South Australia, was selected for its high impact restoration and carbon sequestration opportunities and will initially deliver projects for major partner AstraZeneca.

Native seed plays a pivotal role in large-scale restoration, fundamental to achieving both the company’s goals and more broadly benefitting the whole restoration sector. In May 2023, an equity investment was made by the Commonwealth Bank of Australia in Nindethana to support the expansion of Australia’s native seed market. This significant investment and the concurrent rebrand has positioned Nindethana to be the largest native seed distributor in the country. On the native seed production side, the SeedX farm located on the company owned Jarrega property in Western Australia became operational, completing core works onsite including irrigation and solar installations and undertaking the majority of planting for the season. The funding for the SeedX native seed farm at Jarrega comes from long term debt provided by our impact partner who shares our vision.

Key changes to executive personnel included Stephen Dunne joining the Board and being elected as Chair, bringing extensive financial and agricultural expertise. Brendan Foran completed his 11 year tenure as CEO, and Heather Campbell commenced as CEO in July 2023, with notable leadership spanning the environmental not-for-profit sector, private and public sectors.

Operating and Financial Review

In FY23, a number of culminating factors affected financial performance, registering a $2.5m loss. The inception of future carbon origination projects and the SeedX farm and seed production area construction represent significant investments which will deliver long-term revenue.

Customer and regulatory delays affected some of our mainly market-driven projects, leading to delayed timing of project delivery on-ground and in turn, revenue recognition falling outside of the forecasted period. Project delays due to weather compounded the issue, despite our annual contingency planning for weather variation, which is a known risk.

This combined with supply chain disruptions and rising supplier costs from inflationary pressures further strained margins. FY23 illuminated the complexities of balancing present financial health with forward-looking strategic goals.

We have revised the restoration team structure enabling the company to manage a broader diversity and complexity of projects into the future. The new team structure will enable execution of both large scale projects where revenue is driven by carbon and biodiversity credit markets as well as smaller bespoke biodiversity projects funded predominantly by corporate partners.

The company has conducted an internal assessment of property owned and leased by the consolidated entity. In reviewing the value of these properties, the valuation of ACCUs that can be generated in the future was not considered. The consolidated entity received ACCUs in FY23 and is expected to continue receiving ACCUs, recording them as they are registered with the Clean Energy Regulator. Reference to this accounting treatment can be found in the notes to the accounts attached to this Directors' report.

Directors

The following persons were Directors of Greening Australia Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stephen Dunne (appointed 25 August 2022)
Glynn Scott Anderson (appointed 13 February 2023)
James Atkins (Chair until 27 October 2022)
Gordon Davis
Julie Green
John Hope
Radha Kuppalli
Charl Pienaar
Robin Romero
Robert Smith (resigned 23 November 2022)

Information on Directors

Name:	Stephen Dunne
Title:	Chair
Qualifications:	Bachelor of Business, Masters of Business, Chartered Financial Analyst, FAICD.
Experience and expertise:	Stephen currently holds multiple Board positions, including the Chair of the QIC Natural Capital Investment Committee (where he has been on the QIC Board for over 6 years), Chair of the Investors Group on Climate Change (IGCC) since 2019, and has been Director & Chair of the Investment Committee for the Cbus Super Fund since 2015. Stephen had a long and highly successful 21-year career at AMP Capital, where he was a CEO for over 12 years. Outside of financial services, Stephen has an active interest and investment in livestock breeding, farmland conservation and restoration. His direct ownership and participation in a major corporate agricultural enterprise have served to deepen his appreciation of the challenges and opportunities presented in the agriculture sector, supported by his deep understanding of sustainability and experience embedding sustainability into investment and business operations.

Name:	Glynn Scott Anderson
Title:	Director and Chair of Thriving on Country Committee
Qualifications:	Graduate Certificate of Business, Cert IV Small Business, Diploma of Christian Ministries, ATS: Level 4 - Cross Cultural Communications, Aboriginal Culture Accreditation, Alumni Australian Rural Leadership Program, Master of Business (currently studying), Member of the Australian Institute of Company Directors.
Experience and expertise:	Scott is the Chief Executive Officer of Many Nations Ltd, which is a charity and Public Benevolent Institution which runs Aboriginal Hostels in Queensland for disadvantaged First Nations students. Specialising in First Nations corporate governance, business management and strategic development, Scott has exceptional working knowledge of key commercial and government support mechanisms for Indigenous business. He has experience in the Tourism, Agribusiness, Restorative Industries, Education, Vocational Education and Training (VET), Early Learning, Government and Community sectors. Scott is also the Chair of Mungalla Aboriginal Business Corporation, Director Nywaigi Aboriginal Land Corporation and Member of the Great Barrier Reef Foundation Traditional Owner Integrated Monitoring & Reporting Working Group.
Name:	Gordon Davis
Title:	Director
Qualifications:	BSc (Hons) Forest Science, Masters Science, MBA.
Experience and expertise:	Past Chair of Greening Australia Limited 2014 to 2019. Gordon has worked in government as a forester, federal parliament as a policy advisor, and industry roles, including as a CEO. He holds non-executive Directorships with Nufarm Limited, Healius Limited, and Midway Limited. Gordon was Chair of VicForests from 2011 to 2016, and has served on the Advisory Board of The Nature Conservancy from 2013 to 2018.
Name:	Julie Green
Title:	Director
Qualifications:	Fellow Chartered Accountant in Australia and England & Wales, Fellow of Australian Institute of Company Directors and Fellow of Leadership Victoria.
Experience and expertise:	Julie is a non-executive Director of RACV, Bendigo Health, and BRLP Australia, as well as Advisory Board Member of Redgrid, Symphony7 and ClimateWise Associations. Formerly a Director of RACV Finance, Maldon Hospital, and a large regional aged care service provider, Shepparton Villages. Julie has been a business consultant in the UK and Ernst & Young in Australia. This follows a successful executive career in infrastructure, transport, utilities and healthcare, delivering major change agendas in the public and private sectors. Alongside this professional career, Julie has been an advisor to Not For Profit entities over the last 20 years and has mentored emerging leaders through Leadership Victoria. She is passionate about sustainability, circular economy, and regional Victoria. She lives in Maldon Victoria.

Name:	John Hope
Title:	Director
Qualifications:	Bachelor of Commerce and Master of Business Administration (Melbourne University), Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Financial Services Institute of Australia, Graduate Member of the Australian Institute of Company Directors.
Experience and expertise:	John brings professional services leadership and corporate finance experience gained working in Australia and in Asia. John is currently pursuing personal interests involving farming and the environment. John retired from EY on 31 March 2017, after over 30 years with the firm. For the six years to 30 June 2016, John was based in Hong Kong as the Asia-Pacific Managing Partner of Transaction Advisory Services, responsible for all aspects of the business including servicing clients and recruiting and developing people across 20 countries, including Australia. Post EY John spent 18 months with Kidder Williams Limited, who provide corporate advisory and investment banking services to private and ASX-listed companies, with a focus on the Australian agriculture, forestry, food and beverage sectors.
Name:	Radha Kuppalli
Title:	Director
Qualifications:	Bachelor of Arts (International Studies and Economic Theory), MBA, Master of Environmental Management.
Experience and expertise:	Radha Kuppalli has been developing innovative finance and commercial solutions to addressing climate change and restoring and protecting nature for over 20 years. Her career has spanned executive leadership in the asset management industry, investment in real assets and private equity, business development and growth execution, and board roles in the finance, manufacturing, and environmental sectors. For 17 years, Radha was an integral staff member and executive of New Forests, one of the world's largest asset management businesses in forestry and natural capital, and held positions in strategy, portfolio management, product development, capital raising, and sustainability. She has global investment experience in forestry, land, and carbon and biodiversity markets, including Australia, New Zealand, the United States, Southeast Asia, and Africa. Radha began her career on the ground floor of the carbon markets, advising corporates and governments on opportunities and risks of climate change and energy policies around the world. She holds graduate degrees from Yale University in business and environmental management. She is also on the board of Accounting for Nature and is on the Advisory Board of the Center for Business and Environment at Yale University and is an associate of the Yale World Fellows Program.

Name:	Charl Pienaar
Title:	Director
Qualifications:	Bachelor of Commerce, Bachelor of Commerce (Honours), Master of Commerce (Economics).
Experience and expertise:	Prior to joining the Board in 2017, Charl worked with Greening Australia for many years in various voluntary capacities, including serving on the Board of Greening Australia NSW. With a background in economics, Charl started his career as a management consultant before moving into investment management roles with the Australian Industry Development Corporation, Lend Lease Corporation and MLC Limited in the private equity, infrastructure and alternative asset sectors. He was responsible for establishing and managing MLC's significant international private equity program and also managed its infrastructure investments in Asia. He currently serves as a Member of Investment Committees and was a past Member of the Board of New Forests, an international investment management firm focused on sustainable forestry and associated environmental markets.
Name:	Robin Romero
Title:	Director
Qualifications:	Bachelor of Laws, Bachelor of Commerce (Accounting & Finance), Graduate Member of the Australian Institute of Company Directors, Member of Chartered Accountants Australia and New Zealand.
Experience and expertise:	Robin is an experienced Director, executive and commercial lawyer. With a background in law, accounting and finance, the early days of her career were at KPMG followed by King & Wood Mallesons. Robin then moved into the mining and resources industry where she has over 20 years of commercial experience at executive and board level. Robin was raised in the Great Southern region of Western Australia and retains a strong connection with the region. Robin is currently legal counsel for FMR Investments, a private mining group based in Perth and is also a non-executive Director of Euroz Hartleys Group Limited and West African Resources Limited.
Name:	James Atkins
Title:	Former Director
Qualifications:	BArts, BCommerce, Fellow of the Australian Institute of Company Directors.
Experience and expertise:	James is an experienced business advisor, marketing strategist and company director with over 35 years of experience working at a senior level in the retail, financial services and energy sectors. He became Chair of Greening Australia in November 2019. He is an experienced director and is currently Chairman of BIG4 Holiday Parks and a non-executive Director of the Connective Group, .au Domain Administration and Melbourne Water. James is also a Director of Vantage Strategy, a strategic consulting firm that provides business advisory services to commercial, government and NFP organisations. He is a Fellow of the Australian Institute of Company Directors and a graduate of their Company Directors Course.

Name:	Robert Smith
Title:	Former Director
Qualifications:	MBA, PhD, MSc and BSc (Forestry) (Hon1).
Experience and expertise:	Bob is an experienced manager and adviser in the sustainable management, conservation and profitable use of natural resources to support livelihoods and wellbeing in communities. Bob's current roles include Director Greening Australia Ltd.; Chair North Coast (NSW) Local Land Services (LLS) and Director State Board (LLS); Chair Audit and Risk Committee, ICAC (NSW); and Board member Forest Investment Trust. Bob's previous roles included Director First Super P/L, Assistant Commissioner Land and Environment (NSW) and Director VicForests, Forest Products Commission (WA) and Forestry Tasmania. Bob has worked at international level (including participation as nongovernment representative in UNFCCC forums), national levels (including Ministerial Councils for forestry, natural resources and agriculture and the Murray Darling Basin Commission), state levels (senior executive roles in government agencies in Victoria and NSW) in evaluating, developing and delivering natural resource programs. Bob has applied his expertise to improving the livelihood of communities in Indonesia, Papua New Guinea, Solomon Islands and indigenous communities in Northern Australia.

Meetings of directors

The number of meetings of the company's Board of Directors held during the financial year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Scott Anderson	3	3
James Atkins	3	3
Gordon Davis	6	7
Stephen Dunne	6	6
Julie Green	7	7
John Hope	7	7
Radha Kuppalli	5	7
Charl Pienaar	7	7
Robin Romero	6	7
Robert Smith	3	3

Held: represents the number of meetings held during the time the director held office.

Indemnity and insurance of officers

No direct indemnities have been given to any director or officer during the financial year but the company pays for professional indemnity/public liability insurances that would cover directors and officers of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Contributions on winding up
Limited liability of members
For so long as a natural person or corporate entity is a member and for one financial year after they cease to be a member, each member undertakes to contribute to the assets of the company up to an amount not exceeding one dollar ($1.00) for payments of the debts and liabilities of the company (including the costs of winding up) if it is wound up.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under subdivision 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this Directors' report.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of Directors.

On behalf of the directors

SDunne

Stephen Dunne

30 October 2023

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Greening Australia Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Greening Australia Ltd and controlled entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner - Audit & Assurance

Melbourne, 30 October 2023

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Greening Australia Ltd and controlled entities
Statement of profit and loss and other comprehensive income
For the financial year ended 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue			
Consultancy services		288	1,213
On-ground works and revegetation		29,719	29,100
Sale of seeds and plants		5,256	3,218
Sale of publications and merchandise		8	9
Training and education		-	18
Carbon sales		1,031	1,462
Membership and event income		13	81
Donations and fundraising income		4,454	3,366
		40,769	38,467
Less: Direct expenses		(22,779)	(19,275)
Gross profit		17,990	19,192
Share of profits of associate accounted for using the equity method		155	17
Other income	4	1,068	332
Expenses			
Rent and rates		(329)	(299)
Depreciation and amortisation expenses		(1,433)	(1,596)
Employment related expenses		(17,856)	(16,469)
Operational and administrative expenses	5	(1,840)	(1,780)
Finance costs		(223)	(105)
Loss on revaluation of land and buildings		-	(250)
Total operating expenses		(21,681)	(20,499)
Deficit before income tax expense		(2,468)	(958)
Income tax expense		(98)	(32)
Deficit after income tax expense for the financial year		(2,566)	(990)
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive income for the financial year		(2,566)	(990)
Deficit for the financial year is attributable to:			
Non-controlling interest		(663)	76
Members of Greening Australia Ltd and controlled entities		(1,903)	(1,066)
		(2,566)	(990)
Total comprehensive income for the financial year is attributable to:			
Non-controlling interest		(663)	76
Members of Greening Australia Ltd and controlled entities		(1,903)	(1,066)
		(2,566)	(990)

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

Greening Australia Ltd and controlled entities
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	6	26,355	11,263
Trade and other receivables	7	9,411	17,016
Inventories	8	69	79
Biological assets	10	3,902	3,035
Financial assets	11	13,524	12,321
Total current assets		53,261	43,714
Non-current assets			
Trade and other receivables	7	-	250
Investment accounted for using the equity method	12	172	17
Property, plant and equipment	13	13,133	9,416
Right-of-use assets	9	2,646	1,779
Intangible assets	14	633	632
Other assets	15	228	324
Bearer plants	16	1,523	-
Biological assets	10	106	99
Deferred tax asset	17	48	-
Total non-current assets		18,489	12,517
Total assets		71,750	56,231
Liabilities			
Current liabilities			
Trade and other payables	18	4,527	7,221
Lease liabilities	19	447	412
Tax payable	20	25	-
Provisions	21	2,307	1,948
Contract liabilities	23	25,128	25,107
Total current liabilities		32,434	34,688
Non-current liabilities			
Lease liabilities	19	2,275	1,462
Deferred tax liabilities	24	13	-
Provisions	21	361	362
Borrowings	22	6,515	-
Total non-current liabilities		9,164	1,824
Total liabilities		41,598	36,512
Net assets		30,152	19,719
Equity			
Reserves	25	10,117	1,998
Retained surpluses		15,790	17,510
Equity attributable to the members of Greening Australia Ltd and controlled entities		25,907	19,508
Non-controlling interest		4,245	211
Total equity		30,152	19,719

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

Greening Australia Ltd and controlled entities
Statement of changes in equity
For the financial year ended 30 June 2023

Consolidated	Specific purpose fund $'000	Capital profit reserve $'000	Other reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	4,054	-	481	16,039	135	20,709
(Deficit)/surplus after income tax expense for the financial year	-	-	-	(1,066)	76	(990)
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	(1,066)	76	(990)
Transfer (from)/to specific purpose fund	(2,257)	-	-	2,257	-	-
Transfers (from)/to other reserves	-	-	(280)	280	-	-
Balance at 30 June 2022	1,797	-	201	17,510	211	19,719

Consolidated	Specific purpose fund $'000	Capital profit reserve $'000	Other reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	1,797	-	201	17,510	211	19,719
Deficit after income tax expense for the financial year	-	-	-	(1,903)	(663)	(2,566)
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	(1,903)	(663)	(2,566)
Contributions of equity, net of transaction costs	-	-	-	-	4,697	4,697
Revaluation increments upon sale of shares in a subsidiary	-	8,302	-	-	-	8,302
Transfer to/(from) specific purpose fund	18	-	-	(18)	-	-
Transfer (from)/to other reserves	-	-	(201)	201	-	-
Balance at 30 June 2023	1,815	8,302	-	15,790	4,245	30,152

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

Greening Australia Ltd and controlled entities
Statement of cash flows
For the financial year ended 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		53,290	39,951
Payments to suppliers and employees (inclusive of GST)		(50,109)	(37,579)
		3,181	2,372
Interest received		467	54
Income tax paid		(108)	(92)
Interest and other finance costs paid		(116)	(105)
Net cash from operating activities	34	3,424	2,229
Cash flows from investing activities			
Payments for bearer plants		(1,176)	-
Payments for property, plant and equipment		(4,821)	(4,274)
Payments for intangible asset		(1)	-
(Placement of)/proceeds from redemption of financial assets		(1,203)	4,010
Proceeds from disposal of assets		66	41
Net cash used in investing activities		(7,135)	(223)
Cash flows from financing activities			
Proceeds from issue of shares in a subsidiary		10,000	-
Proceeds from sales of shares in a subsidiary		3,000	-
Proceeds of related party loans	22	6,408	-
Repayment of lease liabilities		(605)	(528)
Net cash from/(used in) financing activities		18,803	(528)
Net increase in cash and cash equivalents		15,092	1,478
Cash and cash equivalents at the beginning of the financial year		11,263	9,785
Cash and cash equivalents at the end of the financial year	6	26,355	11,263

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

Note 1. General information

The financial statements cover Greening Australia Ltd and controlled entities as a consolidated entity consisting of Greening Australia Ltd and the entities it controlled at the end of, or during, the financial year. The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Greening Australia Ltd is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 3, 349 Collins Street, Melbourne VIC 3000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 October 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current financial year.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Greening Australia Ltd ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the financial year then ended. Greening Australia Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the Statement of profit or loss and other comprehensive income, Statement of financial position and Statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
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.

Government grants, donations and bequests
When the consolidated entity receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the consolidated entity to further its objectives), it performs an assessment to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations. In cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. In all other cases (where the contract is not ‘enforceable’ or the performance obligations are not ‘sufficiently specific’), the transaction is accounted for under AASB 1058 where the consolidated entity:
- recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- considers whether any other financial statement elements should be recognised (‘related amounts’) in accordance with the relevant a applicable Australian Accounting Standard including:
    - contributions by owners (AASB 1004)
    - a lease liability (AASB 16)
    - revenue, or a contract liability arising from a contract with a customer (AASB 15)
    - a financial instrument (AASB 9)
    - a provision (AASB 137)
- recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

Note 2. Significant accounting policies (continued)

Sale of seeds and plants
Revenue from the sale of seeds and plants is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Carbon credit sales
Revenue from the sale of carbon credits is recognised at the point in time when the certificate of entitlement passes to the customer or the carbon credit is retired from the registry.

Interest income
Interest income is recognised as interest accrues using the effective interest 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.

Direct expenses
Direct expenses are incurred directly attributable to generating revenue such as on-ground works and vegetation expenses, and changes in inventories and biological assets.

Income tax
As the consolidated entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Three subsidiaries (Nindethana Seed Service Pty Ltd, Canopy Nature Based Solutions Pty Ltd and SeedX Pty Ltd) are not registered charities and hence the income tax included in the consolidated results relates to the income tax incurred by these entities for the financial year.

Current and non-current classification
Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the financial year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial year. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the financial year; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the financial year. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 2. Significant accounting policies (continued)

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Carbon credits
A controlled entity has interests in carbon credits. Carbon credits are measured at cost.

Net increments or decrements in the fair value less cost to sell of carbon credits are recognised as income or expense in the profit and loss.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investment in associate is carried in the Statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Shares received or receivable from associates reduce the carrying amount of the investment.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the Statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Financial assets
Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each financial year as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Land and buildings are carried at fair value, based on periodic valuations, at least every 3 financial years, by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Furniture, fixtures and fittings	4-100 years
Motor vehicles	4-5 years
Computer equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 2. Significant accounting policies (continued)

Bearer plants
Bearer plant is a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period, and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants are accounted for as property, plant and equipment in accordance with *AASB 116 Property, plant and equipment*, instead of as biological assets in accordance with *AASB 141 Agriculture*. The produce growing on bearer plants continues to be accounted for as biological assets in accordance with *AASB 141 Agriculture*.

The consolidated entity's bearer plants mainly include native seed plants, which are measured at cost less accumulated depreciation and impairment losses. The cost of bearer plants includes the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation will be calculated on a straight-line basis over their estimated useful lives, which range from 6 to 25 years.

The bearer plant is derecognised when they are disposed of or when there is no future economic benefits to the consolidated entity are expected from their use or disposal. The difference between the net disposal proceeds and the carrying amount of the bearer plants is recognised in profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks
Significant costs associated with trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Biological assets
Biological assets are measured at their fair value less estimated point of sale costs.

Note 2. Significant accounting policies (continued)

A controlled entity has interests in sandalwood plantations (the biological assets). An external independent valuer has valued the biological assets. The fair value is determined based on the net present value of the expected future cashflows discounted at a risk-adjusted rate.

Net increments or decrements in the fair value less cost to sell of sandalwood are recognised as income or expense in the profit and loss determined as the difference between the fair value at the beginning of the period and the fair value at the reporting date.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value of biological assets
Biological assets are measured at fair value less costs to sell. In estimating fair value, management takes into account the most reliable evidence of market prices at balance date. Historic cost is used as an estimate of fair value where little or no biological transformation has taken place.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives can change significantly as a result of technical innovations or some other event. The depreciation and amortisation charges 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of financial assets
The consolidated entity assesses impairment of financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. Other income

	Consolidated	
	2023 $'000	2022 $'000
Insurance recoveries	-	15
Interest income	467	54
Gain on sale of assets	61	30
Sundry income	540	233
Other income	1,068	332

Note 5. Operational and administrative expenses

	Consolidated	
	2023 $'000	2022 $'000
Legal fees	131	248
Insurance	294	184
Telephone and internet	201	169
Other expenses	1,214	1,179
	1,840	1,780

Note 6. Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Cash on hand	1	-
Cash at bank	26,354	11,263
	26,355	11,263

Note 7. Trade and other receivables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Trade receivables	7,037	10,915
Less: Allowance for expected credit losses	(73)	-
	6,964	10,915
Work in progress	1,444	5,525
Other receivables	126	116
Prepayments and deposits	500	456
Loans to associate	250	-
Income tax refund due	127	4
	9,411	17,016
Non-current assets		
Loans to associate	-	250
	9,411	17,266

Further information related to loan to associate is set out in note 30.

Note 8. Inventories

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Merchandise, packaging and planting supplies	23	57
Carbon credits	46	22
	69	79

Note 9. Right-of-use assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Land and buildings - right-of-use	3,889	3,250
Less: Accumulated depreciation	(1,243)	(1,471)
	2,646	1,779

Note 9. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land and buildings $'000	Total $'000
Balance at 1 July 2022	1,779	1,779
Additions	1,453	1,453
Depreciation expense	(586)	(586)
Balance at 30 June 2023	2,646	2,646

Note 10. Biological assets

	Consolidated	
	2023 $'000	**2022 $'000**
Current assets		
Plant stock	72	93
Seed stock	3,830	2,942
	3,902	3,035
Non-current assets		
Biological assets	106	99
	4,008	3,134

Non-current biological assets
The sandalwood plantations were subject to an external valuation as at 30 June 2021. Based on the plantations growth to maturity at approximately 25 years of age, currently 14 years, the present value of the expected net cash flows as at 30 June 2021 was approximately $99,000.

As the sandalwood plantations are approximately halfway through their rotation, it was determined that the 30 June 2021 valuation remains appropriate for 30 June 2023.

When Greening Australia - Sandalwood Australia Co Pty Ltd (“GASAC”) established the sandalwood plantation in October 2006, it entered into a management agreement with Spicatum Resources Australia (“SRA”) to maintain the plantation. On 30 August 2016, GASAC entered into a settlement to cancel the management agreement whereby Greening Australia Ltd is now responsible for the plantation management. Under the terms of the cancellation agreement, SRA has a future 3.3% entitlement and Geoffrey Woodall (an SRA shareholder) has a future 2.2% entitlement to the net revenue from the harvest of the plantation.

The fair value assessment is particularly sensitive to changes in sandalwood yield and price assumptions, a change in which may result in a significantly higher or lower fair value.

Note 11. Financial assets

	Consolidated	
	2023 $'000	**2022 $'000**
Current assets		
Short term bank deposits	13,524	12,321

Note 12. Investment accounted for using the equity method

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Investment in Nature Company Pty Ltd	172	17

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2023 $'000	2022 $'000
Opening carrying amount	17	-
Surplus after income tax	155	17
Closing carrying amount	172	17

Refer to note 32 for further information on interests in associate.

Note 13. Property, plant and equipment

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Land and buildings - at valuation	8,390	6,015
Less: Accumulated depreciation	(1,074)	(1,064)
	7,316	4,951
Leasehold improvements - at cost	2,966	2,937
Less: Accumulated depreciation	(1,202)	(867)
	1,764	2,070
Plant and equipment - at cost	4,906	2,235
Less: Accumulated depreciation	(1,647)	(1,481)
	3,259	754
Furniture, fixtures and fittings - at cost	105	91
Less: Accumulated depreciation	(84)	(80)
	21	11
Motor vehicles - at cost	2,481	2,361
Less: Accumulated depreciation	(1,989)	(2,096)
	492	265
Computer equipment - at cost	1,254	1,189
Less: Accumulated depreciation	(1,099)	(951)
	155	238
Assets under construction - at cost	126	1,127
	13,133	9,416

Note 13. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Freehold land and buildings $'000	Leasehold improvements $'000	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Plant and equipment $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
Balance at 1 July 2022	4,951	2,070	11	265	754	238	1,127	9,416
Additions	2,101	29	14	354	114	84	2,195	4,891
Disposals	-	-	-	-	(5)	-	-	(5)
Revaluation increments	-	-	-	-	-	-	-	-
Transfer to bearer plants	-	-	-	-	-	-	(347)	(347)
Transfer to/(from) assets under construction	274	-	-	-	2,575	-	(2,849)	-
Depreciation expense	(10)	(335)	(4)	(127)	(179)	(167)	-	(822)
Balance at 30 June 2023	7,316	1,764	21	492	3,259	155	126	13,133

Land and buildings are carried at fair value. Land and buildings were last revalued in April 2021, based on independent valuations by Opteon and CBRE Valuations Pty Ltd. The valuers used a market approach that reflects observed prices for recent market transactions for similar properties and incorporate adjustments for factors specific to the land in question, including size, location, covenants and other encumbrances and current use.

The most recent valuation done in 2021 did not consider the valuation of the carbon units that are being generated from one land owned by the consolidated entities and will continue to generate till 2038.

Note 14. Intangible assets

	Consolidated 2023 $'000	2022 $'000
Goodwill	632	632
Trademark - at cost	1	-
	633	632

Note 15. Other assets

	Consolidated 2023 $'000	2022 $'000
Non-current assets		
Prepaid lease	500	695
Less: Accumulated amortisation	(272)	(371)
	228	324

Note 16. Bearer plants

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Bearer plants under construction	1,523	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	$'000	Total $'000
Balance at 1 July 2022	-	-
Additions	1,176	1,176
Transfer from Asset under construction	347	347
Balance at 30 June 2023	1,523	1,523

Note 17. Deferred tax

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Deferred tax asset	48	-

Note 18. Trade and other payables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Trade payables	2,506	5,642
Accruals and other payables	2,021	1,579
	4,527	7,221

Note 19. Lease liabilities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Lease liabilities	447	412
Non-current liabilities		
Lease liabilities	2,275	1,462
	2,722	1,874

Note 19. Lease liabilities (continued)

Reconciliation

	Consolidated 2023 $'000	Consolidated 2022 $'000
Balance at 1 July	1,874	1,829
Add: New leases during the financial year	1,453	573
Add: Interest expense	88	73
Less: Lease payments	(693)	(601)
	2,722	1,874

Short term leases not included in lease liabilities (included in rent and rates expense) amount to $68,000 (2022: $299,000).

The consolidated entity leases various premises. Rental contracts are typically made for periods of 1 to 26 years, but may have extension options.

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.

Note 20. Tax payable

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Income tax payable	25	-

Note 21. Provisions

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Employee benefits	2,307	1,948
Non-current liabilities		
Employee benefits	197	198
Make good provision for leased premises	164	164
	361	362

Note 22. Borrowings

	Consolidated	
	2023 $'000	2022 $'000
Non-current liabilities		
Loans from a related party	6,408	-
Accrued interest payable to a related party	107	-
	6,515	-

Further information relating to loans from related party is set out in note 30.

Note 23. Contract liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Funds received in advance	25,128	25,107

Note 24. Deferred tax

	Consolidated	
	2023 $'000	2022 $'000
Non-current liabilities		
Deferred tax liability	13	-

Note 25. Reserves

	Consolidated	
	2023 $'000	2022 $'000
Other reserves	-	201
Capital profits reserve	8,302	-
Specific purpose fund	1,815	1,797
	10,117	1,998

Other reserve (GADD Bequest Reserve)
A bequest was made to Greening Australia (WA) in 1995. The terms state the bequest will be applied for projects in Western Australia which the majority of trustees are satisfied that these projects will benefit the environment and its conservation. The board of directors of Greening Australia are the trustees of this bequest and allocate funds accordingly to the terms of the bequest.

During the financial year, Greening Australia has utilised the remaining reserve and has recognised the usage of the funds as retained profits.

Note 25. Reserves (continued)

Specific purpose fund
The Specific purpose fund represents the revenue received from donations, bequests, and government grants, which has been allocated to projects that have an expected duration of greater than 12 months. Amounts will be released from the reserve to accumulated surplus as amounts are expended in future periods.

Capital profit reserve
This reserve represents the gain on the dilution of the shareholding in Nindethana Seed Service Pty Ltd.

Note 26. Key management personnel

	Consolidated	
	2023 $'000	2022 $'000
The totals of remuneration paid to the key management personnel of the company during the financial year are as follows:		
Key management personnel compensation	2,286	2,228

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the company:

	Consolidated	
	2023 $	2022 $
Audit services - Grant Thornton		
Audit and preparation of the financial statements	93	105
Other services - Grant Thornton		
Tax compliance services and advice	68	48
Review services of acquittals	4	3
Valuation services	12	-
	84	51
	177	156

Note 28. Contingent liabilities

	Consolidated	
	2023 $'000	2022 $'000
Bank guarantees	163	163

Note 29. Commitments

The consolidated entity has entered into an agreement to share the annual sales of carbon units generated from leased land till 2038.

Note 30. Related party transactions

Parent entity
Greening Australia Ltd is the parent entity.

Note 30. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 31.

Joint ventures
Interests in joint ventures are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2023 **$**	**2022** **$**
Other income		
Interest received from associate	6	-
Accrued interest payable to related party	107	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2023 **$**	**2022** **$**
Current receivables:		
Loans to associate	250	-
Non-current receivables:		
Loans to associate	-	250
Non-current borrowings		
Loans from related party	6,408	-
Interest payable to related party	107	-

Loans to associate, Nature Company Pty Ltd, is interest bearing at National Australia Bank's 2 year term deposit rate plus 1% margin, and repayable by May 2024.

The related party loans are payable to a related party, Understorey Ventures Pty Ltd, are interest bearing at the greater of two percent per annum or the percentage change in the Consumer Price Index, All Groups, as published by the Australian Bureau of Statistics, measured across the previous twelve months. The loan principal and accrued interest are payable on 30 June 2026.

Note 31. Interests in subsidiaries

On 26 May 2023, Greening Australia Ltd sold 10% of its interest in its subsidiary, Nindethana Seed Service Pty Ltd for $3m to the Commonwealth Bank of Australia. The consolidated entity retained control of the subsidiary. The carrying amount of the net assets of the subsidiary at the date of disposal was $4.5m. Nindethana Seed Service Pty Ltd further issued 22.5% of its share capital to the Commonwealth Bank of Australia for $10m. As a result, the consolidated entity recognised a decrease in equity attributable to owners of the parent of $1.6m and an increase in non-controlling interests of $1.6m.

Note 31. Interests in subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Greening Australia Ltd (Parent Entity)	Australia	-	-
Greening Australia (QLD)	Australia	100.0%	100.0%
Greening Australia - Sandalwood Australia Co Pty Ltd	Australia	40.0%	40.0%
Nindethana Seed Service Pty Ltd	Australia	67.5%	100.0%
Greening Australia Vegetation Management Trust	Australia	100.0%	100.0%
Australian Carbon Biosequestration Initiative Ltd	Australia	100.0%	100.0%
Canopy Nature Based Solutions Pty Ltd	Australia	100.0%	100.0%
SeedX Pty Ltd	Australia	51.0%	51.0%

Note 32. Interests in associate

Interests in associate are accounted for using the equity method of accounting. Information relating to associate that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Nature Company Pty Ltd	Australia	50.0%	50.0%

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent 2023 $'000	Parent 2022 $'000
Statement of profit or loss and other comprehensive income:		
(Loss)/Surplus after income tax	(1,902)	1,309

	Parent 2023 $'000	Parent 2022 $'000
Statement of financial position		
Current Assets	37,066	44,239
Total Assets	57,287	54,245
Current Liabilities	(30,170)	(32,824)
Total Liabilities	(35,929)	(34,491)
Equity	21,358	19,753

Note 34. Reconciliation of deficit after income tax to net cash from operating activities

	Consolidated	
	2023 $'000	2022 $'000
Deficit after income tax expense for the financial year	(2,566)	(990)
Adjustments for:		
Depreciation and amortisation	1,433	1,596
Net gain on disposal of non-current assets	(61)	(30)
Share of profit - associate	(155)	(17)
Loss on revaluation of land and buildings	-	250
Interest expense on loan with related party	107	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	7,854	(9,896)
Decrease/(increase) in inventories	9	(49)
Increase in biological assets	(875)	(218)
(Decrease)/increase in trade and other payables	(2,697)	608
(Decrease)/increase in contract liabilities	(6)	11,168
Increase/(decrease) in provision for income tax	24	(56)
Increase/(decrease) in employee benefits	357	(137)
Net cash from operating activities	3,424	2,229

Note 35. Information and declaration to be furnished under the Charitable Fundraising Act 1991

	2023 $'000	2022 $'000	Change $'000	Change %
Gross proceeds from fundraising	4,454	3,366	1,088	32%
Wages	(425)	(276)	(149)	54%
Consultants	(79)	(65)	(14)	22%
Subscription fees	(4)	(6)	2	(33%)
Promotion materials	(28)	(4)	(24)	600%
Bank fees	(9)	(11)	2	(18%)
Other expenses	(155)	(63)	(92)	146%
Net fundraising revenue	3,754	2,941	813	28%

Note 36. Events after the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Greening Australia Ltd and controlled entities
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

On behalf of the directors

SJ Dunne

Stephen Dunne

30 October 2023

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor's Report

To the Members of Greening Australia Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Greening Australia Ltd (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Greening Australia Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for opinion

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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 Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 October 2023