

ANNUAL REPORT 2017-18



**Nursery & Garden Industry
Australia**



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President's Report

This is my first report as President of NGIA following my appointment in November 2017. This follows a term as Vice-President. I would like to thank and acknowledge Mike Mehigan for his contribution to NGIA during his three years as President.

Over the 2017/18 financial year there has been excellent interaction between NGIA and the State NGI Associations in working as a team to identify the best pathway and structure moving forward for the NGI network. This follows the investigative work of the NGI Future Structure Committee and the Structural Change Advisory Committee who invested personal time to assist with what the industry association means and how the members would like it focussed into the future.

The industry executive supported the investment in an external source to validate and propose how to implement a new or revised model. This will include full financial viability and sustainability to ensure that full benefits will continue to be delivered to the industry members. Whilst it is a slow process, it is being carried out with due diligence and care to ensure the best outcome and value for member business in the industry.

The most important revelation from the past year has been the data resulting from the research and statistics project overseen by Kobie Keenan in conjunction with Down to Earth Research and ACIL Allen Consulting. The value of the industry was estimated at \$2.3B. with 23,000 employees which has exceeded previous data. The inclusion of targeted nursery industry statistic collection data in the Australian Bureau of Statistics rural environment and Agricultural Commodities surveys has been achieved and will continue to provide reliable source of data.

Biosecurity incursions, such as Citrus Canker and Brown Marmorated Stink Bug, have been the key focus for containment and eradication during the year. Quarantine reviews, such as the impact of the Cut Flower Industry imports began during the year, and NGIA will keep a close watching brief on the outcome of the review over 2018/19. The relationship that the nursery industry has with other horticultural industries, should not be underestimated, and enhances the point that we as an industry must be wary of our impact on all of horticulture and agriculture in general.

The Nursery Production Farm Management System programs; NIASA, EcoHort and BioSecure HACCP, continued to be supported by the participants during the year. BioSecure HACCP has achieved legal operating status in Qld, NSW, Vic, Tas, SA and WA, with negotiations continuing with NT. In addition, NGIA was approved as an operator of a Biosecurity Scheme and BioSecure HACCP as an Approved Biosecurity Scheme by Biosecurity Queensland. This is the first time in Australia these authorities have been awarded to a third party and sets an example to jurisdictions of the potential to work with industry across the biosecurity continuum. With further interstate plant movement changes occurring with each of the Primary Industry departments, BioSecure HACCP will be critical for assisting production nursery facilities in moving plants securely and also developing mechanisms within their business to operate efficiently.

Impacts from environmental agencies, and subsequent decisions by some nursery stock retailers had an impact on the industry this year, with a key supply chain customer phasing out the purchase of plant produced with neonicotinoids by 2020. Whilst there is no validated scientific evidence to support this decision, we as an industry are impacted in that social mindfulness is a factor of how we do business moving forward. Other external factors such as the recent glyphosate court ruling in the USA may have an impact along with the environmental "mindfulness" of ingredient sustainability. Sustainable supply chain of fertilisers and peat products in the future will either impact from the lack of resource or with environmental awareness and social acceptance of these products.

The International Association of Horticultural Producers (AIPH) held its first meeting in the southern hemisphere in March with the industry displaying the magic of MIFGS to the international counterparts. The issues raised with the joint NGIA/AIPH Board meeting held in Melbourne were mirror images of the same issues we as the Australian

industry are facing. There are biosecurity threats to their businesses and it was pleasing to note that as a nation we are well advanced in not only just thinking about chain supply but already have developed security with the Farm Management System and being a signatory to the Emergency Plant Pest Response Deed. The levy investment over a period of time with guidance, passion and knowledge of John McDonald and his team, is world class and credit to the industry members who have supported the biosecurity program. The incredible efforts of John McDonald were rewarded with an Australian Biosecurity Award presented to him for his outstanding contribution to the integrity of biosecurity.

The year also saw the successful conference held in Hobart in February. The vibe was upbeat, and the industry participation was rewarded with the fantastic food Tasmania has to offer. There was a range of keynote local and international speakers and something for all NGI members at the conference. The highlight of the conference dinner was the awarding of NGIA life membership to Gary Eyles, an industry member who has contributed so much over a long period of time, and most recently as the Chair of the NGI Future Structure Committee.

The NGIA Board changed during the year with a loss of significant experience. Mike Mehigan (NSW) exited from his role as President and again thanks must be awarded to Mike and acknowledgement in that the NGI network structure change process was initiated, guided and overseen by him. We also saw the exit of Colin Groom (WA) and Simon Smith (NT) and the introduction of Ben Grange (NSW) and Ross Hooper (WA). Simon and Colin still support the industry as participants on the Biosecurity Governance committee, their support has surpassed any term in years of dedication to committees and the like. It is participation of dedicated persons of the ilk of Mike, Colin and Simon which may go unrecognised and this industry survives by the energy these gentlemen expend on assisting it.

Ben and Ross brought fresh exuberance and perspectives to the Board. Both gentlemen are diligent and mindful of the industry as a complete unit. This has been of great importance to ensure that as we change, it is carried out with correctness and with a mindset of the whole community and not just one sector of the community. I would also like to thank Paul Lancaster (Qld – Vice President) and David Howard (Vic) for their continued participation and contribution to the NGIA Board.

The activities of NGIA would not have progressed without the assistance from Peter Vaughan, CEO, NGIA. Peter has represented NGIA to provide excellent industry views to the Hort Innovation Investment Advisory Panel, the Voice of Horticulture Board, Hort Connections Conference and the Plant Breeder's Rights Consultation Group. This provides a base which can be utilised to further our network connections as the industry moves forward.

Peter has been supported in the office by Jennifer Nesini and Heather Henderson providing financial management and administrative support respectively. Assistance from project team members John McDonald, Chris O'Connor, Kobie Keenan, Matt Carrol, Tony Filippi, Steve Blyth and Grant Telford has been of huge help for the industry in working to deliver key Hort Innovation and other projects.

The year could not have progressed without the effort of the team in the office, the volunteers who have assisted with the conference, particularly Joe Kerin, Lauren Chandler and Mark Van Der Staay, the volunteers who assist with the Governance committee and those who provide assistance, knowledge, updates or information when requested. It is the community that makes our industry great and the enthusiasm for progressing into the future is humbling.



Karen Brock
President NGIA

CEO's Report

The end of the 2017/18 financial year marked the mid-point for the implementation of the NGIA Strategic Plan 2016-2020. There has been a consolidation of activities to focus on the delivery of benefits to members with the resources available.

The Vision of the strategy is to "create a climate for members and industry to grow and prosper". We have worked to achieve the Vision by addressing the three stages of the strategy:

1. Ensure the financial viability of NGIA
2. Work to achieve a unified industry
3. Work to have the unified industry as part of a larger "Green Industry Alliance"

NGIA has been able to maintain its financial viability and generated a modest surplus in 2017/18, by managing and maintaining its three sources of income from membership subscriptions, project funding and commercialisation activities. While there has been a decline in membership numbers over the last 10 years, numbers have stabilised and remained consistent over the year. It is vital to maintain and hopefully grow membership to ensure that the NGI network has the funds to operate, is as representative of the industry as possible, and to keep members and other industry stakeholders informed of issues that impact business operations.

NGIA continued to implement several Hort Innovation levy funded research and development (R&D) projects including statistics and research, communication and biosecurity. NGIA representatives also continued to maintain oversight of the 2020 Vision nursery levy funded marketing program through involvement on the Strategic Investment Advisory Panel. The 2020 Vision Program has been running for five years and was reviewed and put out to tender for the next five years during the financial year.

The industry statistics and research project has been the most ambitious approach to collecting industry data after a few attempts. The project, conducted in partnership with Down to Earth Research and ACIL Allen Consulting, had a two-pronged approach to use existing data and collect new data under an extensive survey methodology and to engage with the providers and users of the data. The key findings from the project were that there are almost 1,800 production nurseries employing 23,000 people, producing 1.6 billion plants with a value of \$2.3B.

The outputs from the project provided an accurate statistical understanding of the industry, a tool for business improvement and a methodology for on-going collection of industry statistics. The information generated will assist NGIA in demonstrating the size and importance of the industry with advocacy and lobbying activities and developing submissions for Government and other industry stakeholders. The project completed in the 2017/18 financial year with results communicated widely to industry and broader stakeholders. The two key recommendations from the project was to continue with the project and run it over multiple years to produce longitudinal data.

The communications project for levy funded R&D and marketing projects continued with NGIA working in partnership with Cox Inall Communications. The outputs included social media, case studies, Your Levy at Work newsletter, Nursery Papers and media releases. This phase of the project will finish in the 2018/19 financial year when it is anticipated a new project will be commissioned. It will be NGIA's intention to work with Cox Inall going forward given the good working relationship and Cox Inall's increased understanding and commitment to the nursery industry.

The National Nursery Industry Biosecurity Program has continued to meet its achievement criteria with sound progress made across the four key themes of on-farm biosecurity program, as detailed below:

1. Biosecurity Preparedness - The ongoing obligations under the Emergency Plant Pest Response Deed (EPPRD) continue to be met with more than 37 separate activities being managed over the reporting period. Of note has been the transition to management of tomato potato psyllid, three separate brown marmorated stink bug incursions and a citrus canker incursion in NT and WA.

2. Biosecurity Awareness - The program has continued to engage with NGIA members, levy payers, relevant industry parties, researchers and biosecurity stakeholders in developing a heightened awareness of biosecurity risk across industry and the need to develop appropriate responses through research, development and extension.
3. BioSecure HACCP - The program had achieved legal operating status for BioSecure HACCP in Qld, NSW, Vic, Tas SA and WA, with negotiations continuing with the NT (resource issues are preventing NT from progressing at any pace), since the project was initiated. Increased engagement with growers is ongoing with a greater understanding of BioSecure HACCP permeating across the industry, which will hopefully lead to greater adoption.
4. The Minor Use Pesticide (MUP) program - The pesticide MUP program has put together a list of 12 new pesticides for permit applications identifying new actives for 2018.

Another important source of income for NGIA is from commercialisation activities. There were three important sources of commercial income in the 2017/18 financial year:

1. Nursery Production Farm Management System – NGIA continued its delivery of the NIASA, EcoHort and BioSecure HACCP programs with administrative and auditing functions. The development of a marketing strategy commenced, which when implemented, will lead to customers having a greater understanding and encouraging more members to use the FMS programs.
2. Licensing of Plant Life Balance (PLB) Trade Mark and associated Intellectual Property (IP) – Hort Innovation determined to use the PLB trade mark and associated IP for the consumer campaign within the 2020 Vision program. NGIA originated and developed the PLB concept and has been implementing the promotional activities since 2010. Hort Innovation refreshed and relaunched the PLB approach using the PLB trade mark and IP under license from NGIA.
3. NGIA Conference - Held in Hobart the conference was a well-attended and a very successful event. The theme of the conference was "The Growing Edge" with a focus of the presentations, tours and discussions on how production, retail and allied nursery businesses can obtain ideas, innovation, inventions and concepts to improve how their businesses operate. There were many highlights, learnings and messages from the presentations which have been communicated post the conference, so all members have access to the information.

The activities to maintain the financial viability of NGIA have supported the efforts and provided the resources to 'Work to achieve the unified industry' and 'Work to have the unified industry as part of a larger "Green Industry Alliance"'. A second phase of the review of the NGI network structure was conducted in 2017/18 by the Structure Change Advisory Committee. The aim of the committee was to address and clarify key elements and the recommendations of the Structure Review Report handed down in November 2016 and to investigate and report on, but not limited to the finances, systems, technology, governance, functions and roles of the proposed National Unity structure.

The NGI Executive network made up of the NGIA Board, State NGI Presidents and Directors and NGI CEOs have worked together to progress the transition to a new unified entity. The agreed next phase in the 2018/19 financial year is to develop the business plan for the Future Unity Model entity and progress to a vote of members.

I look forward to my continued role as CEO of NGIA in 2018/19 to help guide and lead the national industry organisation as our members continue to grow, prosper and contribute to the health and well-being of Australia and all Australians.



Peter Vaughan
NGIA CEO
NGIA Company Secretary

Directors' Report

Directors

The names of the directors at the date of this report are:

Karen Brock (Tasmania) – President

Paul Lancaster (Queensland) – Vice President

Geoffrey Fuller (South Australia)

Ben Grange (New South Wales) (Appointed 14 November 2017)

Ross Hooper (Western Australia) (Appointed 14 November 2017)

David Howard (Victoria)

Your directors present their report on the company for the financial year ended 30 June 2018.

The company has been operating under the new Nursery Industry Strategic Plan for the 2016-2020 period. The plan is for the Australian nursery and garden industry, with a vision to create a climate for our members and industry to grow and prosper.

Principal Activities

The principal activities of the company during the financial period were the representation, promotion and furtherance of the interests of the nursery, garden and allied industries in Australia. This included the management of the company's affairs, consultation with relevant Federal Government Departments and their instrumentalities, working with State and Territory industry associations and management of nursery industry levy funded projects as administered through Horticulture Innovation Australia Ltd (Hort Innovation). There were no significant changes in the principal activities of the company during the financial year.

NGIA 2016 – 2020 Strategy Objective

The overall objective of the strategy is: To deliver services, benefits and value to members.

Strategic Imperatives

To achieve the objective, NGIA continued to address the five strategic imperatives in the 2016-2020 strategic plan, which are detailed below:

1. Leverage Industry Statistics and Data

Aim: To assist our policy development and advocacy efforts by having reliable and accurate industry statistics and data and have an effective voice at federal, state and local levels.

Activities:

- Establishing and representing the industry's national policies in consultation with the State and Territory industry associations.
- Maintaining liaison with the Federal Government and other national organisations in relation to issues affecting the industry and its members.
- Ensuring accurate industry data and statistics are collected to support the policy, advocacy and lobbying activities.

2. Engaging and Connecting Industry

Aim: To improve communication with members, across the industry and to the wider community

Activities:

- Ensuring effective national industry communication on matters of significance.

- Communication of R&D levy funded outcomes.
- Maintaining the official National Trade Register of members' details for distribution to members in printed and electronic formats.
- Liaising on national training and education issues.
- In close liaison with State and Territory industry associations, initiate national member benefit schemes and events of an income generating nature. The distribution of any income to be agreed between the NGIA and State and Territory industry associations and be transparent to members.
- Liaising on issues relating to the Nursery Award 2010 and national industrial relations matters.
- Maintaining international relations.

3. NGI Structure

i. NGI Structure

Aim: To review the NGI structure to improve efficiency and remove duplication.

ii. Green Industry Alliance

Aim: To develop a long-term strategy and plan to create a peak body that represents the sector rather than individual industries.

Activities:

- Progress the review of the NGI structure and develop a Future Model for the industry representative organisation.
- Representing the Nursery Industry when appropriate including the Voice of Horticulture and "Green Alliance" groups.

4. Member Benefit Delivery

Aim: To optimise the Intellectual Property ("IP") that exists within NGI organisations (National and State) to maximise benefits and value to members

Activities:

- Liaison and consultation on Intellectual Property (IP) including Plant Breeders Rights (PBR).
- Monitoring the national chemical register and negotiations on related issues.
- Coordinating national quarantine and plant biosecurity activities in conjunction with national (including Plant Health Australia) and state agencies, including being the signatory to the Emergency Plant Pest Response Deed (EPPRD) and providing representation on the National Management Group (NMG) and the Consultative Committee on Emergency Plant Pests.
- Protecting, managing and facilitating the adoption of NGIA IP in specific business management and marketing programs.

5. Building Product and Industry Value

Aim: To improve the understanding of the role of plants in building capable, healthy and sustainable communities.

Activities:

- Highlight the diversity, uniqueness and significance of the Nursery and Garden Industry and its contribution to urban, environmental, rural and production horticulture in Australia. It is a multi-billion dollar industry that plays a vital part in the human, environmental and economic well-being of all Australians.

- Liaising with Hort Innovation, ensuring that we have appropriate outcomes particularly through this transition period and oversight of R&D and marketing activities

The objectives of addressing the strategic imperatives are to achieve the following outcomes over the next 2-4 year period:

1. Ensure the financial viability of NGIA
2. Work to achieve the unified industry
3. Work to have the unified industry as part of a larger "Green Industry Alliance"

Short Term Objectives:

The short term objectives and key activities are listed below for the operation of the company in the reporting period that contribute to achieving the NGIA 2016-2020 Strategy objective:

- Manage the day to day activities of the business to ensure it is profitable and meets the requirements of members.
- Maintain the financial and human resources to ensure the operation and management of the company.
- Procure and manage projects to meet the objectives of the business and to deliver the outputs of projects for the benefit of members and the broader industry.
- Ensure the governance requirements of the company are managed and maintained.
- Liaise, communicate and interact with all stakeholders, including members, State and Territory Associations, government, research organisations, academic institutions and Hort Innovation, on matters of impact and importance to the industry and the operation of the company.

During the year the company has been working for members in the following specific areas:

- NGI Network Structure Review and Future Model Development – Following the handing down of the Structure Review Committee report in November 2016, with a recommendation to progress to a National Unity Model, the Structural Change Advisory Committee (SCAC) was established in early 2017. The SCAC reviewed and managed the modelling for the National Unity Model, to ensure all concerns of members were being addressed. The approach to develop the Future Unity Model for a single entity was supported with a business plan to be developed in the 2019 financial year.
- Biosecurity – NGIA worked with Hort Innovation on continued implementation of the National Biosecurity Program which commenced in February 2016. The program focuses on the areas of preparedness, awareness, minor use programs and market access for a period of five years.
- Submissions to Government – NGIA made a number of submissions and representations to Government including on biosecurity, the levy system, industrial awards, grower registration, quarantine and plant market access.
- Industry Communications – NGIA continued with its two-pronged approach to industry communication through (i) the National Nursery News (NNN) network to communicate with members on key issues; and (ii) In partnership with Cox Inall Communications for the delivery of the communications program for levy funded R&D projects.

- Nursery Production Farm Management System (FMS) – NGIA managed the transition of the management and administration of the Nursery Production FMS to NGIA and it is being delivered as a national program.

Future Developments

To ensure NGIA addresses its strategy of ensuring its financial viability, NGIA will assess activities to pursue that will best use the staff, resources and intellectual property that will deliver benefits to members.

The SCAC report was delivered in November to a joint meeting of the network organisations with the final report and recommendations being presented to Members at the Nursery & Garden Industry National Conference in February 2018. A business plan for a single entity unity model association will be developed in the 2019 financial year.

Performance Measurement:

The company assesses its operation and performance primarily through the function of the NGIA Board. The Board met nine times during the report period to manage the activities of the business and assess its operation and performance against the following performance indicators:

- Profit and Loss – the actual against budgeted profit and loss is assessed at each Board meeting. Any variations in income and expenditure are noted and necessary actions taken to address significant anomalies.
- Going Concern – the NGIA Board assesses and passes a resolution if it believes the business will be a going concern and able to pay all outgoings for a year from each Board meeting.
- Levy Income – the company receives quarterly reports on nursery levy (R&D, marketing and total) receipts that provide an indication of budget against actual and comparison to previous years receipts. The levy received is an indication of "greenlife" sales.
- Communication – measurements of access and engagement of communication activities are measured through on-line metrics, surveys, reviews and direct engagement with stakeholders.
- Membership numbers – member numbers are assessed on a regular basis throughout the year and across years to determine trends and to identify reasons for numbers increasing or decreasing. Membership numbers are a vital metric for the company as they impact directly on income to the business.

Operating Results

NGIA recorded a profit of \$34,745 in the year compared to a loss of \$11,804 for the previous year.

Major areas that impacted on the results were:

- Improved project recoveries for office costs and administration support from new contracts.
- Licencing income from HIA Ltd for the rights to use Plant Life Balance for the nursery industry marketing program.
- Managing the Hobart National Conference in house again contained costs and contributed to the final conference profit.

- Increased travel costs associated with the National Conference and the structure review.

After Balance Date Events

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 affairs of the company in subsequent financial years.

Significant Changes in State of Affairs

There have been no significant changes in the company's state of affairs other than that mentioned previously that have occurred during the financial year.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors & Company Secretary

Karen Brock – President from 14 November 2017

Owner, Brocklands Pty Ltd, Winkleigh Tas
Qualifications: Advanced Diploma Horticulture, Nuffield Scholar (Australia).

Karen has over 25 years' experience in Floriculture and Horticulture which also involved industry participation by serving as President of Nursery and Garden Industry Tasmania (NGIT) for six years and a standing committee member of Agrifoods Skills Council for four years. She was appointed to the NGIA Board on 25 November 2014.

Paul Lancaster – Vice President from 14 November 2017

Director, Suncoast Water Gardens Pty Ltd, Beerwah, Qld

Paul has 12 years' experience in the nursery industry as well as previous senior management experience in the automotive electrical industry. He has served on the board of Nursery & Garden Industry Queensland (NGIQ) since 2007 and is a previous NGIQ President. He has also previously held the position of Vice President for NGIQ from 2009 – 2011 and President from 2011 to 2013. Paul was appointed to the NGIA board on 24 November 2015.

Geoffrey Fuller

Executive Officer, Houseplants of Australia Ltd, Bridgewater SA

Geoffrey has over 40 years' experience in the Nursery Industry starting in 1975 with retail garden shops and a production nursery before joining plastic manufacturer, Masrac as general sales manager from 1991 to 2001. He served as the CEO of the Nursery and Garden Industry SA for 12 years until semi-retirement in 2014. He has worked part time as Executive Officer for Houseplants of Australia since 2002. He is also a councillor with the Royal Adelaide Show Horticulture Committee. Geoffrey was appointed to the NGIA board on 25 November 2014.

Ben Grange

National Sales & Marketing Manager, Grange Growing Solutions, Ebenezer NSW

Ben has over twenty years' experience in the industry and

currently oversees the Sales and Marketing for the family business, Grange Growing Solutions which he manages with his brother and sister. The company is the largest growing media supplier in NSW operating in Ebenezer which is 70km NW of Sydney. Ben has also spent six years on the state Nursery and Garden Industry Board which has helped lay the foundations of professional corporate governance for current national board issues. Ben was appointed to the NGIA board on 14 November 2017.

Colin Groom

Manager, Domus Nursery, Hacketts Gully WA
Qualifications: Bachelor of Commerce, Certified Nursery Professional

Colin is a second generation nurseryman with 21 years' experience in the industry and was the recipient of the Young Leader Award in 2003. He was appointed to the Nursery and Garden Industry WA (NGIWA) board in September 2011 as Vice President and served as President from September 2012 to August 2015 when he resumed the role of Vice President. He previously served on the NGIWA board from 2001 to 2010 including three years as President. He was appointed to the NGIA board on 15 November 2011. Colin is a member of the Biosecurity National Governance Committee. He completed his term on the NGIA board on 14 November 2017.

Ross Hooper

Director, Zanthorrea Nursery, Maida Vale WA
Qualifications: Certificate 3 Horticulture, Certified Nursery Professional

Ross is the third generation of Hoopers at Zanthorrea Nursery and from 2015 the sole director of this award winning Garden Centre. He has 16 years' experience in retail and production horticulture and has sat on the WA Nursery and Garden Industry Board for over eight non-consecutive years. Ross won WA Young Leader in 2008. He has been working in Horticulture since 2002, and has training in landscape design, interactive multimedia and photography. Ross also sits on the NGIWA board with a focus on raising the standard of Retail Horticulture. He was appointed to the NGIA board on 14 November 2017.

David Howard

Owner/Manager, Bay Road Nursery, Sandringham Vic
Qualifications: Horticulture Trade Certificate

David has over 35 years in the nursery and garden industry and has owned Bay Road Nursery for over 25 years following 10 years at Gills Nursery. He has been involved at Plants Plus for over 10 years including terms as State and National Chairman. David has served on the NGIV board for eight years including four years as President. He is a current director of the Melbourne International Flower and Garden show (MIFGS) and has been involved as a plant designer on several award winning gardens at the show. David was appointed to the NGIA board on 15 November 2016.

Michael Mehigan

Owner, Elegant Outdoors, Turramurra NSW

Michael entered the industry in 2001 and has operated his own businesses for nearly 20 years. He served on the board of Nursery & Garden Industry NSW & ACT from 2006 to 2012 including two years as President. He was appointed to the NGIA board on 15 November 2011 and elected President in December 2013. Mike completed his term as President and on the board on 14 November 2017.

Simon Smith

Owner Girraween Nursery, Howard Springs NT and The Plantsmith, Howard Springs NT
 Qualifications: Bachelor of Science, Certificate in Landscape Technology

Simon previously served on the Nursery & Garden Industry NT Executive for nine years, including five as President. He was appointed to the NGIA board on 15 November 2011. Simon is a member of the Biosecurity National Governance Committee. His term as director ceased on 14 November 2017.

Peter Vaughan – Secretary

CEO – Nursery and Garden Industry Australia Ltd
 Qualifications: Bachelor of Agricultural Science, MBA

Peter joined the company as CEO on 20 April 2015. Peter has worked across a number of agricultural industries over the last 20 years including horticulture, seed, grains and livestock in a range of management, commercial and technical roles. His most recent role was General Manager of the On-farm research and development business unit with Meat and Livestock Australia. Prior to that his roles included working as the General Manager at Austgrains, the Managing Director and Commercial Director at the Value Added Wheat Cooperative Research Centre, the Cultivar Manager at SGB Australia and the R&D Manager with Agricultural Licensing Australia. He was appointed Secretary 16 June 2015. Peter also sits on the Audit and Risk Committee.

Meetings of Directors – Attendance

Executive Meetings – 2018

	No. Eligible to attend	Attended
Karen Brock	9	9
Geoffrey Fuller	9	8
Ben Grange	5	5
Colin Groom	4	4
Ross Hooper	5	5
David Howard	9	9
Paul Lancaster	9	8
Michael Mehigan	4	4
Simon Smith	4	4

Dividends

The company’s constitution specifically prohibits the payment of dividends or bonus to members.

Indemnification and Insurance of Officers and Auditors

The company has paid premiums to insure all Directors and Officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as such officer of the company, other than conduct involving a wilful breach of duty in relation to the company. No other indemnities have been given. The company has not provided any insurance for the auditor of the company.

The amount paid is not disclosed as per the confidentiality clause of the agreement.

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. The company was not a party to any such proceedings during the year.

Auditor’s Independence

A statement of independence has been provided below by our auditor, BDH Audit & Assurance Pty Ltd, and forms part of the Directors’ Report.

Signed in accordance with a resolution of the Board of Directors.

Karen Brock

Director
 Dated at Castle Hill this 11th day of September 2018

**AUDITOR’S INDEPENDENCE DECLARATION
 UNDER SECTION 307C OF THE CORPORATIONS
 ACT 2001 TO THE DIRECTORS OF NURSERY &
 GARDEN INDUSTRY AUSTRALIA LIMITED**

We hereby declare, that to the best of our knowledge and belief, during the year ended 30 June 2018 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDH Audit & Assurance Pty Limited

Gede Barone

Director
 Dated at Sydney this 11th day of September 2018

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018	2017
		\$	\$
Revenue	2	990,586	586,681
Employee benefits expenses		(388,393)	(343,402)
Occupancy expenses		(19,365)	(18,742)
Depreciation and amortisation expenses	7	(36,227)	(39,170)
Finance costs		(374)	(533)
Other expenses		(511,482)	(196,638)
Profit/(loss) before tax		<u>34,745</u>	<u>(11,804)</u>
Income tax expense		-	-
Profit/(loss) attributable to members		<u>34,745</u>	<u>(11,804)</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>34,745</u>	<u>(11,804)</u>

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	4	1,589,375	1,113,776
Trade and other receivables	5	92,098	149,845
Other current assets	6	<u>18,025</u>	<u>21,298</u>
TOTAL CURRENT ASSETS		<u>1,699,498</u>	<u>1,284,919</u>

NON-CURRENT ASSETS

Property, plant and equipment	7	<u>523,724</u>	<u>554,173</u>
TOTAL NON-CURRENT ASSETS		<u>523,724</u>	<u>554,173</u>
TOTAL ASSETS		<u>2,223,222</u>	<u>1,839,092</u>

LIABILITIES

CURRENT LIABILITIES

Trade and other payables	8	1,260,352	939,501
Provisions	10	<u>99,889</u>	<u>76,841</u>
TOTAL CURRENT LIABILITIES		<u>1,360,241</u>	<u>1,016,342</u>

NON-CURRENT LIABILITIES

Provisions	10	<u>11,722</u>	<u>6,236</u>
TOTAL NON-CURRENT LIABILITIES		<u>11,722</u>	<u>6,236</u>

TOTAL LIABILITIES

		<u>1,371,963</u>	<u>1,022,578</u>
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NET ASSETS

		<u>851,259</u>	<u>816,514</u>
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EQUITY

Retained earnings	11	<u>851,259</u>	<u>816,514</u>
TOTAL EQUITY		<u>851,259</u>	<u>816,514</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

Balance at 30 June 2016	828,318
Loss attributable to members	(11,804)
Balance at 30 June 2017	816,514
Profit attributable to members	34,745
Balance at 30 June 2018	851,259

The income statement, balance sheet and statement of changes in equity should be read in conjunction with the notes on the pages following

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

CASH FLOWS FROM OPERATING ACTIVITIES	NOTE	2018 \$	2017 \$
Receipts from customers		1,136,446	600,439
Payments to suppliers and employees		(968,528)	(611,829)
Interest received		9,951	10,517
Net cash provided by (used in) operating activities	12	<u>177,869</u>	<u>(873)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(5,778)	(5,280)
Net cash provided by (used in) investing activities		<u>(5,778)</u>	<u>(5,280)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
(Decrease)/Increase in project balances		303,508	5,041
Net cash provided by (used in) financing activities		<u>303,508</u>	<u>5,041</u>
Net increase/(decrease) in cash held		475,599	(1,112)
Cash at beginning of financial year		1,113,776	1,114,888
Cash at end of financial year	12	<u>1,589,375</u>	<u>1,113,776</u>

The cashflow statement should be read in conjunction with the notes below

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 Statement of Significant Accounting Policies

This financial report covers the consolidated financial statements and notes of Nursery & Garden Industry Australia Limited and controlled entity "Group". Nursery & Garden Industry Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. Nursery & Garden Industry Australia Limited is a not-for-profit entity for the purpose of preparing financial statements.

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

The financial report has been prepared using the measurement bases specified by the Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are described in the accounting policies below.

The consolidated financial report was authorised for issue on the 11th September 2018 by the board of directors.

Basis of Consolidation

The Group financial statements consolidate those of the parent company and its subsidiary Flora for Fauna Pty Limited as of 30 June 2018. The subsidiary does not trade. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 30 June.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported

in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the group. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Accounting Policies

(a) Income Tax

As the parent entity was established for the purpose of promoting the development of horticultural resources of Australia it is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

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

The cost of fixed assets constructed within the group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a prime cost or diminishing value method. All property, plant & equipment are written off over their useful lives.

The depreciation rates used for each class of depreciable assets are:

Office Equipment	7.5 - 50%
Buildings	5%

(c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(e) Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The group's liabilities for long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees.

The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The group presents employee benefit obligations as current liabilities in the statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Contributions are made to employee superannuation funds and are charged as expenses when incurred.

(f) Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Member subscriptions are recognised according to the period to which they relate.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in these goods.

Revenue for rendering of services is recognised upon the delivery of a service.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue is recognised when it is received or earned.

Grant revenues are recognised by deducting the related expenses to which the grant income has been received or receivable.

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

(h) 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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Impairment of Assets

At each reporting date, the group 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 expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Project Receipts

The group received payments in advance to fund future projects on behalf of the nursery industry. Such amounts are received and recorded in the Balance Sheet.

(k) Economic Dependence

The group was dependent on Horticulture Australia Innovation Limited (HIAL) for the majority of its revenue used to operate the project management part of the business. As a result of the review and changes in Governance, consultation funding ceased in a previous financial year. New contracts have been awarded under the new Statutory Funding Agreement in the areas of biosecurity and industry communications. The loss of consultation funding and the reduced number of levy funded projects has led to a shortfall in income going forward. The group is continuing to develop plans to replace lost income from the change in project funding.

(l) Financial instruments

Initial Recognition and Measurement

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the group 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 either discharged, cancelled or expire. The difference between the carrying value of the financial liability 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.

Classification and Subsequent Measurement

Financial assets are classified at fair value through the profit & loss when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in profit and loss in the period in which they relate.

Loans and receivables are non-derivative financial assets with fixed payments that are not stated in an active market.

Held to maturity investments are with banks and have fixed maturities, and the group intends to hold these until maturity.

Financial liabilities are non-derivative financial liabilities and are recognised at cost. The directors have assessed that no financial instrument has been impaired.

(m) Provisions

Provisions are recognised when the group 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 reporting date.

(n) Comparative Figures

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

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 group.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

(p) New accounting standards for application in future periods

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more significant standard(s) is presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair

value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative:

Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard amends AASB 136 Impairment of Assets to:

remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and

clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that:

AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets; and

AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138

AASB 2016-4 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these standards has not had a material impact on the group.

	2018	2017
	\$	\$
2 Revenue and Other Income		
Revenue		
Commissions	-	4,658
Members Publications	7,900	2,631
Subscriptions	284,725	261,360
FMS Income	267,996	204,083
HIAL Consultative Fees	44,450	23,850
Project Service Fees	109,960	75,292
Conference Income	262,744	-
Interest received	9,951	10,517
Sundry Income	2,860	4,290
Total revenue	<u>990,586</u>	<u>586,681</u>
3 Auditors' Remuneration		
Audit & review of financial statements	12,950	12,550
4 Cash and Cash Equivalents		
Cash on hand	210	210
Cash at bank	1,326,484	857,007
Short term deposits	262,681	256,559
	<u>1,589,375</u>	<u>1,113,776</u>

NURSERY & GARDEN INDUSTRY AUSTRALIA LIMITED ACN 001 318 136

	2018	2017
5 Trade and Other Receivables	\$	\$
Current		
Project Debtors	-	40,199
Trade Debtors	91,278	108,240
Income Accrued	820	1,406
	<u>92,098</u>	<u>149,845</u>

Current trade receivables are non-interest bearing, a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment was required at 30 June 2018.

6 Other Current Assets

Current		
Prepayments	18,025	21,298

7 Property, Plant and Equipment

Plant and Equipment:

At cost	270,704	264,927
Accumulated depreciation	(175,695)	(162,143)
Total Plant and Equipment	<u>95,009</u>	<u>102,784</u>

Land and Buildings

At cost	577,805	577,805
Accumulated depreciation	(149,090)	(126,416)
Total Land and Buildings	<u>428,715</u>	<u>451,389</u>

Total Property, Plant and Equipment	<u>523,724</u>	<u>554,173</u>
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The directors obtained a market appraisal performed by an independent consultant on the property of \$812,800 in 2017. The directors have reviewed the property value and believe the current value exceeds the carrying value in the financial report. The property is carried at cost therefore no revaluation has been made.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Plant and Equipment

Balance at the beginning of the year	102,784	114,000
Additions during the year	5,778	5,280
Depreciation	(13,553)	(16,496)
Balance at the end of the year	<u>95,009</u>	<u>102,784</u>

Land and Buildings

Balance at the beginning of the year	451,389	474,063
Depreciation	(22,674)	(22,674)
Balance at the end of the year	<u>428,715</u>	<u>451,389</u>

8 Trade and Other Payables

Current

Trade Creditors	179,016	161,673
Prepaid Income	-	3,039
Project Receipts in Advance	1,081,336	774,789
	<u>1,260,352</u>	<u>939,501</u>

9 Project Receipts in Advance

Reconciliation of project receipts in advance balances for the year

Balance at the beginning of the year	774,789	772,787
Funds received from HIAL	971,275	650,018
Funds received from other sources	196,606	51,082
Funds applied to projects	(861,334)	(699,098)
Balance at the end of the year	<u>1,081,336</u>	<u>774,789</u>

	2018	2017
10 Provisions	\$	\$

Current

Short term employee benefits

Employee benefits – annual leave	64,072	42,774
Employee benefits - long service leave	35,817	34,067
	<u>99,889</u>	<u>76,841</u>

Non-current

Long term employee benefits

Employee benefits – long service leave	11,722	6,236
	<u>11,722</u>	<u>6,236</u>

11 Retained Earnings

Retained earnings at the beginning of the financial year	816,514	828,318
Net profit (Net loss) attributable to members of the company	34,745	(11,804)
Retained earnings at the end of the financial year	<u>851,259</u>	<u>816,514</u>

12 Notes to the statement of cash flows

a) Reconciliation of cash

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months.

Cash assets	1,589,375	1,113,776
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b) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit/(loss) after income tax	34,745	(11,804)
Add/(less) non-cash items:		
Depreciation	36,227	39,170
Net cash provided by operating activities before change in assets & liabilities	<u>70,972</u>	<u>27,366</u>

Change in assets and liabilities

(Increase)/decrease in receivables	57,161	(31,935)
(Increase)/decrease in prepayments	3,273	(2,486)
(Increase)/decrease in other assets	586	(1,406)
Increase/(decrease) in accounts payable	17,343	(9,601)
Increase/(decrease) in other liabilities	28,534	17,189
Cash Flow from Operations	<u>177,869</u>	<u>(873)</u>

13 Company Limited by Guarantee

The company is a company limited by guarantee under the Corporations Law. If the company is wound up, the memorandum of association provides that each member who is currently a member or has been a member during the previous year is required to contribute a maximum of \$5 towards the debt of the company. As at 30 June 2018 the number of members was 959 (2017 – 938) so the maximum funds to be received would be \$4,795.

14 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions. These terms and conditions are no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(a) Directors Allowances	22,000	22,000
(b) The names of the Directors who have held office during the financial year are: K Brock, G Fuller, B Grange, C Groom, R Hooper, D Howard, P Lancaster, M Mehigan, and S Smith.		
(c) Key Management Personnel Compensation		
Short Term	205,334	195,159
(d) The directors are not aware of any other related party transactions.		

15 After Balance Date Events

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

16 Financial Instruments

The group's financial assets are subject to interest rate risk. This will fluctuate in line with movements in the market rate.

Credit risk, being the risk that one party will cause a financial loss to the company by failing to discharge an obligation, is considered to be not material.

The group is not exposed to fluctuations in foreign currency. The group manages liquidity risk by monitoring cash flow and balances. The group is not exposed to any material commodity price risk. The fair net value for financial assets and liabilities is the carrying value. No financial assets or liabilities are traded on financial markets.

17 Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2018	2017
	\$	\$
Payable – minimum lease payments		
not later than 12 months	17,285	8,747
Between 12 months and 5 years	20,825	16,766
	<u>38,110</u>	<u>25,513</u>

18 Parent Entity Information

Information relating to Nursery & Garden Industry Australia Ltd

Balance Sheet

Current assets	1,699,488	1,284,909
Total assets	2,223,222	1,839,092
Current liabilities	1,360,241	1,016,342
Total liabilities	1,371,963	1,022,578
Net assets	<u>851,259</u>	<u>816,514</u>
Retained Earnings	851,259	816,514

Income Statement

Profit/(Loss)	34,745	(11,804)
Other comprehensive income	-	-
Total comprehensive income	<u>34,745</u>	<u>(11,804)</u>

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

The Parent Entity is a not for profit organisation that administers projects for the benefit of the Nursery Industry. The legal form of the organisation is a company limited by guarantee, incorporated in Australia.

The registered office of the Parent Entity is situated at Unit 58, 5 Gladstone Road, Castle Hill, New South Wales.

19 Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report 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 group.

DIRECTORS' DECLARATION

In the opinion of the directors of the Nursery & Garden Industry Australia Limited:

1. The consolidated financial statements and notes, as set out on pages 9 to 14, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards – Reduced Disclosure Requirements; and

(b) give a true and fair view of the financial position as at 30 June 2018 and of the performance of the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that Nursery & Garden Industry Australia Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:

Karen Brock – President

Dated at Castle Hill this 11th day of September 2018

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NURSERY & GARDEN INDUSTRY AUSTRALIA LIMITED
ACN 001 318 136**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Nursery & Garden Industry Australia Limited (the Group and its subsidiary), which comprises the balance sheet at 30 June 2018, income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Nursery & Garden Industry Australia Limited, is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Nursery & Garden Industry Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters 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.

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.

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

BDH Audit & Assurance Pty Limited

Gede Barone
Director

Address: Level 12, 52 Phillip Street, Sydney NSW 2000

Dated at Sydney on the 11th day of September 2018

COMPILATION REPORT

The additional financial data presented below is in accordance with the books and records of the group which have been subjected to the auditing procedures applied in our audit of the group for the year ended 30 June 2018. It will be appreciated that our audit did not cover all details of the attached financial data.

Accordingly, we do not express an opinion on such financial data and in particular no warranty of accuracy or reliability is given. We do not undertake responsibility in any way whatsoever to any person (other than the group) in respect of such data, including any errors or omissions however caused.

BDH Audit & Assurance Pty Limited

Gede Barone
 Director
 Dated at Sydney this 11th day of September 2018

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
INCOME		
Commissions	-	4,658
Members Publications	7,900	2,631
Subscriptions	284,725	261,360
FMS Income	267,996	204,083
HIAL Consultative Fees	44,450	23,850
Project Service Fees	109,960	75,292
Conference Income	262,744	-
Interest Received	9,951	10,517
Sundry Income	2,860	4,290
	<u>990,586</u>	<u>586,681</u>
EXPENSES		
Auditors Remuneration – Fees	12,950	12,550
Bank Charges	1,767	1,583
Conference Expenses	209,985	-
Consultancy Expenses	7,442	3,000
Depreciation	36,227	39,170
FMS Expenses	113,904	17,359
General Expenses	7,791	15,658
Holiday Pay Provision	6,586	5,857
Insurance	7,967	5,914
Interest	374	533
IT costs	26,268	22,824
Legal Costs	-	4,467
Long Service Leave Provision	4,979	3,811
Meeting & Travel Expenses	71,919	43,075
Occupancy expenses	19,365	18,742
President & Directors Allowances	20,751	22,000
Postage, Printing & Freight	10,335	12,495
Repairs & Maintenance	-	775
Salaries & Employee Expenses	347,945	308,556
Subscriptions	6,708	18,563
Superannuation	32,336	28,673
Telephone and data charges	10,242	12,880
	<u>955,841</u>	<u>598,485</u>
Profit (Loss)	34,745	(11,804)



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