

ANNUAL REPORT

2014-15



Nursery & Garden Industry
Australia



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President's Report



This year would be best described as one of significant changes and challenges interspersed with a considerable amount of frustration. Firstly our CEO Robert Prince resigned his position in November 2014 but generously agreed to stay on until the end of the 2015 financial year to ensure a smooth handover to his successor. I would again like to sincerely thank Robert for his commitment and dedication to the company during his time with us. As I said at the time of his resignation, Robert leaves NGIA in a much stronger position than when he joined and considerably leaner in personnel. The board and I wish him all the best in his future endeavours. Robert's achievements were further acknowledged at our annual awards night in March when he was presented with the Nursery & Garden Industry's Award of Merit, a fitting culmination to his employment with NGIA.

Recruitment of a replacement CEO commenced in early 2015 and concluded in April with the appointment of Peter Vaughan as CEO. Peter has considerable experience in both Horticulture and Agriculture and brings an extensive range of skills to the position. The Board and I look forward to working closely with Peter in the coming years. I would like to thank those who assisted in the recruitment process, especially Hamish Mitchell, David Mathews and Simon Smith. Your support and insight during the process was invaluable in performing this crucial task. I believe that we have appointed an excellent replacement as CEO. Although the challenges ahead are considerable we have employed a very competent operator who will unite the whole industry and lead us forward. These changes have put our staff under considerable pressure and I would like to thank them all for their loyalty to the company during these stressful times.

We had one director resignation during the year. Bryan Hillier resigned from the Board in November 2014. This was Bryan's second stint on the National Board. On behalf of the entire industry I would like to acknowledge Bryan's considerable contribution to the industry, both nationally and as a passionate Queenslander, over some 30 years.

The other significant changes have arisen from the transition of our industry Research and Development Corporation (RDC) from Horticulture Australia Ltd (HAL) to Horticulture Innovation Australia Ltd (HIAL). The new company also has a new constitution and Statutory Funding Agreement (SFA) with the Federal Government. All existing projects are under

review to ensure they are compliant with the new regulations. Those that were found to be non-compliant will be terminated or varied. Unfortunately under the new SFA voluntary contributions will no longer be eligible for matched funding from the government. NGIA had a number of important projects affected by this change including our Industry Development Network project. A lack of information about the new structure and personnel within the new RDC and uncertainty surrounding the formation and constitution of an acceptable consultation mechanism have been frustrating. The transition is taking considerably longer than was initially anticipated. Many of our members have voiced concerns about the leadership within HIAL and the evolution of the new RDC. We will continue to work with them to ensure levy funds are spent appropriately and wisely. Our focus will be to ensure that every levy dollar spent benefits the grower.

NGIA previously received consultation funding from HAL but under the new SFA this support has ceased. These funds were used to hold the regular meetings between the States/Territories and National associations and ensured that the needs of the entire industry were understood. This funding also covered the costs of engaging and dealing with HAL. The loss of this money will make industry consultation considerably more difficult into the future.

These fundamental changes to the way we operated under the previous regime and the evolving market has raised the question of our Industry structure. The National and State and Territory Boards will be working closely to explore the options as we move forward. Delivering benefits back to our members needs to remain an important part of what we do. This needs to be conducted in the most efficient way.

Biosecurity remains a very important area for NGIA. Due to the enormous range of plants grown by our industry we are involved in almost every incursion. This could be as many as 60 in one year. The Nursery and Garden Industry are seen as leaders in this field. We are very fortunate to have John McDonald looking after this portfolio and I would like to thank him for his continued commitment to this essential function.

I would like to take this opportunity to thank my fellow directors for their considerable efforts during the past year and continued support for me as President. It is a pleasure working with you all.

Mike Mehigan
President

CEO's Report



Every year we are reporting that the past year has been one of considerable change for our industry and it is no different for the past 12 months. This is a reflection of the environment in which we operate and it will no doubt be ongoing. How the industry responds to the need for change and the challenges that are placed in front of us will determine how strong and prosperous the industry and Nursery and Garden Industry Australia is into the future.

Trading over the financial year was mixed with some sectors having excellent spring sales only to fall flat in autumn. The property development sector has kicked off, especially in NSW, with some large projects that have been progressed. The 202020 Vision marketing program has had great success with its key objective of "influencing the influencers" and our industry has had more media exposure on the value of plants in the past 18 months than any time in the past as a result of the Program.

The third year of the 202020 Vision Program in the 2015/16 financial year will focus on four key areas:

1. Deliver the 202020 Vision Plan and deliver on six of the 28 projects as barriers to adoption of increasing "living green space" as identified in the Growing the Seeds tour.
2. Maintain and improve the 202020 Vision program marketing and promotion infrastructure.
3. Continue the conversation in media through public relations activities.
4. Launch a Community / Consumer engagement project to get greater involvement of nursery and garden industry businesses.

All nursery and garden industry members are urged to "sign up" to the 202020 Vision program which will ensure that you receive regular program and project updates.

The horticultural industry research and development (R&D) corporation, Horticulture Innovation Australia Limited (HIAL), has been working through a transition process from Horticulture Australia Limited (HAL). The new operating environment for levy funded R&D and marketing programs has led to changes with levy funds management and a serious impact on industry funding with the cessation

of consultation funding in October. Changes to programs currently managed by NGIA and the State and Territory NGI Associations will be required to comply with the Statutory Funding Agreement that HIAL has with the Federal Government. A recent Senate review of how levies are managed will also result in changes on how levy payers are engaged with the programs.

As an industry we have had some great wins and awards: The BioSecure HACCP program was recognised by the Commonwealth Government as a leading example of Industry Biosecurity Management, the 202020 Vision program has received Awards from the Australian Institute of Landscape Architects and also a Digital media award. Our Industry Awards night held in March was a great success and recognised leadership in our industry.

The Board of NGIA managed the transition of the Chief Executive Officer position from Robert Prince to myself during the year. Robert Prince contributed to the operation of NGIA for eight years with seven as the CEO. Robert finished at the end of the financial year and acknowledged the support of all industry stakeholders, the NGIA Board and especially the staff who provided support to him during his time at NGIA.

I joined NGIA in April this year and had an excellent induction to NGIA and the industry with the handover from Robert. I attended a number of State NGI Board/Committee meetings and conferences, other industry forums, meetings and functions and visited a range of production and retail nurseries to further my industry knowledge.

NGIA will focus on the following areas in 2015/16 as we continue to progress the interests of the industry and deliver value and benefits to members:

1. Continue to work with HIAL through their transition period from HAL
2. Develop the NGIA Strategic Plan for the 2016-2020 period
3. Work with the State and Territory Associations on the most effective and efficient NGI structure to implement the strategy
4. Oversight of the implementation of the 202020 Vision Program

Peter Vaughan
Chief Executive Officer

Directors' Report

Directors

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

Michael Mehigan (New South Wales) – *President*

Simon Smith (Northern Territory) – *Vice President*

Karen Brock (Tasmania) (Appointed 25 November 2014)

Geoffrey Fuller (South Australia) (Appointed 25 November 2014)

Colin Groom (Western Australia)

Tom Hennessey (Queensland) (Appointed 21 January 2015)

Hamish Mitchell (Victoria)

Your directors present their report on the company for the financial year ended 30 June 2015:

The company has been operating under the Nursery Industry Strategic Plan for the 2010-2015 period. The plan is for the Australian greenlife industry, including its nursery, garden, landscaping and related sectors with a vision for a unified Australian nursery and garden industry that is productive, profitable and sustainable.

Principal Activities

The principal activities of the company during the financial period were the 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 (HIAL) and its predecessor Horticulture Australia Limited (HAL). There were no significant changes in the principal activities of the company during the financial year.

Long Term Objectives

The long term objectives of the company are to:

- Increase the sales value of nursery products and services through marketing and promotion;
- Enhance the capacity and efficiency of the industry's resources through upgrading industry skills, knowledge and practice;
- Build industry support through shaping government, public and related industry understanding of the industry's benefits, and enhance these benefits through collaboration;
- Invest in nursery product/service development to enable the industry to respond to growth opportunities and challenges; and
- Support the industry through services and resources that enhance its capacity to respond to issues, capture opportunities and achieve the vision of this strategic plan.

Strategies to Achieve Objectives

The objectives of the business are classified in five operational imperatives which are identified below. The strategies to achieve the objectives are listed under each of the imperatives below:

Markets:

- Build demand for nursery and garden industry products and services through coordinated marketing and promotion

- Underpin promotional campaigns, new product development and public relations with existing and emerging values of plants
- Build the next generation of nursery and garden customers

Capacity:

- Ensure the whole industry has access to appropriately trained human resources
- Enhance adoption of best industry practice across the production sector
- Provide general and retail customer confidence through industry accreditation

Communication:

- Establish effective communication and engagement with industry and the community
- Coordinate an engagement program with all levels of Government
- Have a strong unified industry with one voice
- Strengthen the benefits derived in value chain interactions

Innovation:

- Identify growth opportunities for the industry and the implications for R&D investment
- Invest in research and technology development across high priority areas
- Monitor and evaluate the return on investment in R&D and improve the capacity to improve future investments

Governance:

- Well informed industry
- Increasing funding
- Efficient service delivery
- Risk management planning and responses, including biosecurity

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 long term objectives:

- 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 HIAL, 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:

- Biosecurity – Establishment of market access trial between two States, representation on Plant Biosecurity Cooperative Research Centre (CRC),
- Submissions to Government – Review of Levy system for R&D and Marketing, Biosecurity Legislation Review, Plant market access, Chemical drift legislation.
- Industry communications and policy development for Climate Change, Urban Green Space via 2020 Vision and the National Urban Forest Alliance.
- Managing with HIAL the implementation of the Industry Marketing program 2020 Vision.

Significant Changes in State of Affairs

The changes in how industry levy funds are managed and the decision not to renew the consultancy agreement by HIAL have had an impact on the operations of the business. The resignation of the Chief Executive Officer has necessitated a search and recruitment for a replacement. The new Chief Executive Officer, Peter Vaughan, was appointed 20 April 2015 replacing Robert Prince who resigned NGIA effective 3 July 2015.

Performance Measurement:

The company assesses its operation and performance primarily through the function of the NGIA Board. The Board met seven 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 the income and expenditure are noted and necessary actions taken to address significant anomalies.
- 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 surplus of \$27,974 in the year compared to a surplus of \$12,621 for the previous year.

Major areas that impacted on the results were:

- Increased costs associated with recruitment of a new Chief Executive Officer
- Lower interest income offset by lower interest paid as the building loan was repaid

- Lower salary costs
- Loss of consultation income after the end of October 2014
- Legal fees associated with representing members interests during the Nursery Award 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.

Future Developments

The company is reviewing and addressing the changes in funding as a result of the new levy management guidelines dictated by the Commonwealth Government in the Statutory Funding Agreement with Horticulture Innovation Australia Ltd. These will impact on structure and focus of the business in the future. The company will develop a new strategic plan during the 2015/16 financial year for the next period of operation of the business.

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

Michael Mehigan - President

Owner of Elegant Outdoors, Turramurra NSW

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

Simon Smith – Vice President

Owner Girraween Nursery, Howard Springs NT and The Plantsmith, Howard Springs NT

Qualifications: Bachelor of Science, Certificate in Landscape Technology

Simon has 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.

Karen Brock

Owner Brocklands Pty Ltd, Winkleigh Tas

Qualifications: Advanced Diploma Horticulture, Nuffield Scholar (Australia).

Karen has 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.

Geoffrey Fuller

Administration Manager, Wholesale Plants and Products, Cavan, SA

Geoffrey has 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 and works part time as the Administration Manager for Wholesale Plants and Products. He is currently a member of the SA Water Business Advisory Council, a councillor with the Royal Adelaide Show Horticulture Committee and honorary EO of the Horticulture Coalition of SA. He was appointed to the NGIA board on 25 November 2014.

Mark Geeves

Tasmanian Polytechnic, Workforce Sector Leader – Primary Industry & Infrastructure, Hobart Tas

Qualifications: Diploma of Horticulture, Certificate IV in Training and Assessment

Mark has over 10 years' experience in business management and 16 years' experience in the horticulture industry. He was appointed to the board on 21 October 2008 and resigned as director on 25 November 2014.

Colin Groom

Manager, Domus Nursery, Hacketts Gully WA

Qualifications: Bachelor of Commerce, Certified Nursery Professional

Colin is a second generation nurseryman with 17 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. 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 chairs the National Accreditation and Certification Committee.

Tom Hennessey

Sales and Operations Manager, Bush Garden Nursery, Upper Caboolture QLD

Qualifications: Bachelor of Business (International Business), Masters of International Business

Tom has 13 years' experience in the nursery industry at a production level. He has been on the Nursery and Garden Industry Queensland (NGIQ) board for six years and is the current NGIQ President. He was appointed to the NGIA board on 21 January 2015.

Bryan Hillier

Owner of Dracaena Farm, Beachmere Qld and Hillier's Horticulture, Gooborrumb (North Bundaberg) Qld

Qualifications: Diploma of Concrete Design and Construction, Quantity and Estimating, Certificate of Human Relations, Certificate in Horticulture

Bryan has over 30 years in the industry and has previously represented Queensland on the NGIA Board as well as a former NGIA President (2010-2011). He is Chairman of the QLD Expo Committee (over 10 years), a representative on the Queensland Trade Day Committee (over 10 years), Member-at-Large for the Nursery and Garden Industry Qld (NGIQ) Management Board and the former NGIQ President (2006-2008). Bryan was appointed to the board on 25 November 2013 and resigned as a Director on 25 November 2014.

Hamish Mitchell

Managing Director, Speciality Trees, Narre Warren Vic

Qualifications: Certificate of Horticulture majoring in Landscape, Associate Diploma of Applied Science in Horticulture majoring in Parks Management, Certificate of Turf Management.

Hamish has over 30 years' experience in amenity horticulture, plant management, production & development. Landscaping Victoria board member from 2010-2012 and past President 2011-2012. Hamish was appointed to the NGIA board on 25 November 2013 and chairs the Environment and Technical Committee.

Craig Norman

Managing Director – Wholesale Plants and Products Pty Ltd, Dry Creek SA

Qualifications: Advanced Diploma Horticulture, Diploma in Design

Craig has over 30 years in the industry and was appointed to the board on 21 October 2008. Craig served as NGIA President 2012-2013. He resigned as director on 25 November 2014.

Robert Prince - Secretary

CEO – Nursery and Garden Industry Australia Ltd

Qualifications: Bachelor of Science

Robert has over 30 years' experience in the industry. He has many years in senior management roles, particularly with Yates in Australia and New Zealand, including Managing Director Yates New Zealand. He was appointed Secretary on 26 October 2007. Robert resigned as Chief Executive Officer on 25 November 2014 effective 20 April 2015. He resigned as Secretary on 16 June 2015. Robert continued to be employed by the company to 3 July 2015.

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.

Meetings of Directors – Attendance

Executive Meetings – 2015

	No. Eligible to attend	Attended
Karen Brock	5	4
Geoffrey Fuller	5	5
Mark Geeves	4	3
Colin Groom	7	6
Tom Hennessey	2	2
Bryan Hillier	4	4
Michael Mehigan	7	7
Hamish Mitchell	7	5
Craig Norman	4	3
Simon Smith	7	7

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 on this page 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.

Michael Mehigan

Director

Dated at Castle Hill this 24th day of September 2015

AUDITORS' 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 2015 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 Castle Hill this 24th day of September 2014

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2014 \$
Revenue	2	584,046	670,862
Employee benefits expenses		(250,751)	(371,278)
Occupancy expenses		(16,664)	(17,513)
Depreciation and amortisation expenses	8	(40,348)	(49,159)
Finance costs		(11,674)	(24,878)
Other expenses		(236,635)	(195,413)
Profit/(loss) before tax		<u>27,974</u>	<u>12,621</u>
Income tax expense		-	-
Profit/(loss) attributable to members		<u>27,974</u>	<u>12,621</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>27,974</u>	<u>12,621</u>

BALANCE SHEET AS AT 30 JUNE 2015**ASSETS****CURRENT ASSETS**

Cash and cash equivalents	4	1,347,068	1,833,359
Trade and other receivables	5	60,288	218,341
Other current assets	6	14,363	15,901
TOTAL CURRENT ASSETS		<u>1,421,719</u>	<u>2,067,601</u>

NON-CURRENT ASSETS

Financial assets	7	10	10
Property, plant and equipment	8	624,729	661,527
TOTAL NON-CURRENT ASSETS		<u>624,739</u>	<u>661,537</u>
TOTAL ASSETS		<u>2,046,458</u>	<u>2,729,138</u>

LIABILITIES**CURRENT LIABILITIES**

Trade and other payables	9	1,126,838	1,542,426
Provisions	11	81,871	60,890
TOTAL CURRENT LIABILITIES		<u>1,208,709</u>	<u>1,603,316</u>

NON-CURRENT LIABILITIES

Provisions	11	5,906	40,084
Borrowings	12	-	281,869
TOTAL NON-CURRENT LIABILITIES		<u>5,906</u>	<u>321,953</u>
TOTAL LIABILITIES		<u>1,214,615</u>	<u>1,925,269</u>
NET ASSETS		<u>831,843</u>	<u>803,869</u>

EQUITY

Retained earnings	13	831,843	803,869
TOTAL EQUITY		<u>831,843</u>	<u>803,869</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

Balance at 30 June 2013	791,248
Surplus attributable to members	12,621
Balance at 30 June 2014	803,869
Surplus attributable to members	27,974
Balance at 30 June 2015	831,843

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		766,349	604,637
Payments to suppliers and employees		(725,077)	(473,095)
Interest received		31,050	49,207
Net cash provided by (used in) operating activities	14	<u>72,322</u>	<u>180,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,550)	(2,130)
Net cash provided by (used in) investing activities		<u>(3,550)</u>	<u>(2,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(281,869)	(12,563)
(Decrease)/Increase in project balances		(273,194)	(389,239)
Net cash provided by (used in) financing activities		<u>(555,063)</u>	<u>(401,802)</u>
Net increase in cash held		(486,291)	(223,183)
Cash at beginning of financial year		1,833,359	2,056,542
Cash at end of financial year	14	<u>1,347,068</u>	<u>1,833,359</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Statement of Significant Accounting Policies

This financial report covers Nursery & Garden Industry Australia Limited as an individual entity. Nursery & Garden Industry Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation

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.

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 on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

As the company 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 company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 company 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

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made

for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity to match the expected timing of cashflows.

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

(f) 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.

(g) 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.

(h) Impairment of Assets

At each reporting date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Project Receipts

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

(j) Economic Dependence

The company 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 has ceased. Review of other contracts already in existence will be completed by December 2015 to ensure their compliance with the new Statutory Funding Agreement. Project funds from HIAL beyond then are uncertain.

(k) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company 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 company 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 company 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.

(l) Provisions

Provisions are recognised when the company 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.

(m) Comparative Figures

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

The financial statements were authorised for issue by the Board of Directors on 24th September 2015.

	2015	2014
	\$	\$
2 Revenue and Other Income		
Revenue		
Commissions	5,079	4,875
Members Publications	7,061	375
Subscriptions	244,697	253,592
HAL Consultative Fees	65,274	207,951
Project Service Fees	222,707	146,109
Interest received	31,050	49,207
Sundry Income	8,178	8,753
Total revenue	584,046	670,862
3 Auditors' Remuneration		
Audit & review of financial statements	11,700	13,750
4 Cash and Cash Equivalents		
Cash at bank	1,098,068	1,366,499
Short term deposits	249,000	466,860
	1,347,068	1,833,359

	2015	2014
	\$	\$
5 Trade and Other Receivables		
Current		
Project Debtors	29,149	119,473
Trade Debtors	29,963	92,681
Income Accrued	1,176	6,187
	<u>60,288</u>	<u>218,341</u>

6 Other Current Assets

Current		
Prepayments	14,363	15,901

7 Financial Assets

Non-Current		
Investment at Cost	10	10

8 Property, Plant and Equipment

Plant and Equipment:		
At cost	267,993	272,794
Accumulated depreciation	(140,064)	(130,741)
Total Plant and Equipment	<u>127,929</u>	<u>142,053</u>

Land and Buildings

At cost	577,805	577,805
Accumulated depreciation	(81,005)	(58,331)
Total Land and Buildings	<u>496,800</u>	<u>519,474</u>

Total Property, Plant and Equipment	624,729	661,527
--------------------------------------------	---------	---------

The directors obtained a market appraisal performed by an independent consultant on the property of \$699,950 in 2014. 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	142,053	166,408
Additions during the year	3,550	2,130
Depreciation	(17,674)	(26,485)
Balance at the end of the year	<u>127,929</u>	<u>142,053</u>

Land and Buildings

Balance at the beginning of the year	519,474	542,148
Depreciation	(22,674)	(22,674)
Balance at the end of the year	<u>496,800</u>	<u>519,474</u>

9 Trade and Other Payables

Current		
Trade Creditors	173,235	315,629
Project Receipts in Advance	953,603	1,226,797
	<u>1,126,838</u>	<u>1,542,426</u>

10 Project Receipts in Advance

Reconciliation of project receipts in advance balances for the year		
Balance at the beginning of the year	1,226,797	1,616,036
Funds received from Horticulture Australia Limited	1,497,838	2,110,234
Voluntary Contributions Received from States/Territories	243,884	371,187
Funds received from other sources	48,171	16,717
Voluntary contributions paid to HAL	(321,300)	(452,199)
Funds applied to projects	(1,741,787)	(2,435,178)
Balance at the end of the year	<u>953,603</u>	<u>1,226,797</u>

11 Provisions

Provision for Annual Leave	51,087	45,284
Provision for Long Service Leave	36,690	55,690
Total provisions	<u>87,777</u>	<u>100,974</u>

Analysis of Total Provisions

Current	81,871	60,890
Non-current	5,906	40,084
	<u>87,777</u>	<u>100,974</u>

12 Borrowings

Bank Loan	-	281,869
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13 Retained Earnings

Retained earnings at the beginning of the financial year	803,869	791,248
Net profit (Net loss) attributable to members of the company	27,974	12,621
Retained earnings at the end of the financial year	<u>831,843</u>	<u>803,869</u>

14 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	1,347,068	1,833,359
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b) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit/(loss) after income tax	27,974	12,621
Add/(less) non-cash items:		
Depreciation	40,348	49,159
Net cash provided by operating activities before change in assets & liabilities	<u>68,322</u>	<u>61,780</u>

Change in assets and liabilities		
(Increase)/decrease in receivables	153,042	(85,136)
(Increase)/decrease in prepayments	1,538	6,004
(Increase)/decrease in other assets	5,011	5,952
Increase/(decrease) in accounts payable	(142,394)	183,411
Increase/(decrease) in other liabilities	(13,197)	8,738
Cash Flow from Operations	<u>72,322</u>	<u>180,749</u>

15 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 2015 the number of members was 998 (2014 – 1,058) so the maximum funds to be received would be \$4,990.

16 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 | 21,688 | 22,000 |
| (b) The names of the Directors who have held office during the financial year are: K Brock, G Fuller, M Geeves, C Groom, T Hennessey, B Hillier, M Mehigan, H Mitchell, C Norman and S Smith. | | |
| (c) Key Management Personnel Compensation | | |
| Short Term | 239,421 | 202,579 |
| (d) The directors are not aware of any other related party transactions. | | |

17 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.

18 Financial Instruments

The company'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 company is not exposed to fluctuations in foreign currency.

The company manages liquidity risk by monitoring cash flow and balances.

The company 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.

19 Company Details

The company 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 company is situated at Unit 58, 5 Gladstone Road, Castle Hill, New South Wales.

20 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 company.

DIRECTORS' DECLARATION

In the opinion of the directors of the company:

1. The financial statements and notes, as set out on pages 9 to 13, 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 2015 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 the company 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:

Michael Mehigan – President

Dated at Castle Hill this 24th day of September 2015

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

Report on the Financial Report

We have audited the accompanying financial report of Nursery & Garden Industry Australia Limited which comprises the balance sheet as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditors' Opinion

In our opinion:

- (a) the 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 company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

BDH Audit & Assurance Pty Limited

Gede Barone

Director

Dated at Castle Hill this 24th day of September 2015

COMPILATION REPORT

The additional financial data presented on this page is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our audit of the company for the year ended 30 June 2015. 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 company) in respect of such data, including any errors or omissions however caused.

BDH Audit & Assurance Pty Limited

Gede Barone

Director

Dated at Castle Hill this 24th day of September 2015

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
INCOME		
Commissions	5,079	4,875
Members Publications	7,061	375
Subscriptions	244,697	253,592
HAL Consultative Fees	65,274	207,951
Project Service Fees	222,707	146,109
Interest Received	31,050	49,207
Sundry Income	8,178	8,753
	<u>584,046</u>	<u>670,862</u>
EXPENSES		
Auditors Remuneration – Fees	11,700	13,750
Bank Charges	2,197	1,860
Conference Costs	-	23,885
Consultancy Expenses	-	1,500
Depreciation	40,348	49,159
General Expenses	9,948	1,421
Holiday Pay Provision	18,681	(4,690)
Insurance	9,026	10,318
Interest	11,674	24,878
IT costs	12,028	11,351
Legal Costs	37,818	16,980
Long Service Leave Provision	(19,000)	8,267
Meeting & Travel Expenses	52,709	50,623
Occupancy expenses	16,664	17,513
President & Directors Allowances	21,688	22,000
Postage, Printing & Freight	12,942	10,929
Recruitment fees	33,507	-
Repairs & Maintenance	1,290	1,004
Salaries & Employee Expenses	229,578	338,036
Subscriptions	15,650	13,191
Superannuation	21,493	29,666
Telephone and data charges	16,131	16,600
	<u>556,072</u>	<u>658,241</u>
Profit (Loss)	<u>27,974</u>	<u>12,621</u>



**Nursery & Garden Industry
Australia**

NURSERY & GARDEN INDUSTRY AUSTRALIA
LIMITED ACN 001 318 136

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