

FNQ NRM Ltd Trading As Terrain NRM

53 106 385 899

Financial Statements

For the Year Ended 30 June 2017

FNQ NRM Ltd Trading As Terrain NRM

53 106 385 899

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For the Year Ended 30 June 2017

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FNQ NRM Ltd Trading As Terrain NRM

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Directors' Report

30 June 2017

The directors present their report on FNQ NRM Ltd Trading As Terrain NRM for the financial year ended 30 June 2017.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Mike Berwick AM

Experience

Chair until retired in February 2017. Mike was awarded the Order of Australia for Service to Conservation and the Environment through initiatives supporting the preservation of the Daintree Rainforest and Far North Queensland. He is involved in a wide range of local, state and national land management groups.

Ken Atkinson

Experience

Ken is a fifth general Mount Garnet beef producer and a commercial aerial mustering operator. He is currently a Director of the North Queensland Sale Yards Company, and Fire Warden of the Anthill Rural Fire Brigade.

Julia Leu

Experience

Retired November 2016. Julia was elected as Mayor of the reformed Douglas Shire Council on 9 November 2013, and re-elected as Mayor in Mark 2016, following 6 years as an independent Councillor with Cairns Regional Council. Julia holds a Masters in Business Administration, Bachelor of Arts and Graduate Diplomas in Education and Communication. Julia is a QLD executive member of the Australian Coastal Councils Association and a Director of Tourism Port Douglas Daintree. Julia and her husband, Andre, live on a commercial certified organic fruit farm, which they established 25 years ago in Lower Daintree, QLD.

Peter Rowles

Experience

Peter has been a secondary school biology and marine studies teacher and is now spending time on his interests of natural history and the promotion of conservation and ecologically sustainable land management. He has a long history as a member of a number of community organisations in the Innisfail/Mission Beach area.

Allison Halliday

Experience

Allison is a rainforest bama of the Malanbarra Clan of the Yidinji Tribe. She has been actively involved in Aboriginal issues, particularly Native Title, Cultural Heritage and Land Management. As Co-Chair of the Aboriginal Negotiating Team for the Rainforest Aboriginal People of the Wet Tropics World Heritage Area, she officially signed off on the Regional Agreement with both State and Commonwealth Governments. Allison was also the Acting Executive Officer of the then Aboriginal Rainforest council that represented 18 Tribal Groups.

Directors' Report

30 June 2017

1. General information

Information on directors

Dr Keith Noble

Experience

Chair pro tempore from February 2017. Keith is a Tully tropical fruit grower and Rural Planner with Insideout Architects, and has served on Terrain's board since 2010. Keith has worked in agriculture and natural resource management throughout regional and remote Australia, and previously been a director of Growcom, Troplinks, Australian Tropical Fruits, and Australian Tropical Marketing. He is a Registered Planner with the Planning Institute of Australia and a Fellow of the Australian Institute of Company Directors.

Ryan Donnelly

Experience

Deputy Chair from February 2017. Ryan has been involved in natural resource management for around 20 years, primarily in the marine environment working with commercial fisherman and building collaborative frameworks with fishery and protected areas managers and scientists. He holds a B.App.Sci (Hons) in Coastal Management and an M.Sc that focused on social and natural resource management challenges relating to an emerging commercial fishery and trade superimposed upon traditional subsistence fishing and customary tenure in remote island communities.

Steve Turton

Experience

Director from November 2016. Steve is an Adjunct Professor at Central Queensland University in Cairns and also works as a casual environmental consultant. He has been Director of the JCU/CSIRO Tropical Landscapes Joint Venture, a Professor of Geography at JCU and Director of Research for the Rainforest Cooperative Research Centre. Steve has served on a number of committees including the Wet Tropics Management Authority's Scientific Advisory Committee (2004-2011).

Robin Clark

Experience

Director Pro Tempore from March 2017. Robin has over 30 years experience in land use planning and natural resource management across several states. She has worked for a number of State Government agencies, primarily involved in the preparation of the Wet Tropics Coast Coastal Management Plan and Far North Queensland Regional Plan 2009-2031. She is currently the Regional Director, Planning for the Northern Region of the Department of Infrastructure, Local Government and Planning.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of FNQ NRM Ltd Trading As Terrain NRM during the financial year was the delivery of the National Landcare Program and the Reef Trust program which aims to improve the water quality of the Great Barrier Reef by enabling landholders to change practices in cane, grazing, dairy, horticulture, bananas, grains and cropping. No significant changes in the nature of the Company's activity occurred during the financial year.

No significant changes in the nature of the Company's activity occurred during the financial year.

Directors' Report

30 June 2017

1. General information

Short term and long term objectives

The Company's short term and long term objectives are to make a difference by inspiring and enabling action to improve the health, wellbeing and lasting value of wet tropics landscapes and communities.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the strategy in facilitating the prioritisation of NRM outcomes for the Wet Tropics. The primary mechanism is the Wet Tropics Regional NRM Plan, of which Terrain is the custodian on behalf of the community.

Performance measures

All these activities are in line with and support the strategies for achieving priority NRM outcomes according to the regional NRM Plan. All milestones and targets for the activities for 2016/17 were monitored and reported to Investors.

Members' guarantee

FNQ NRM Ltd Trading As Terrain NRM is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10 for members, subject to the provisions of the company's constitution.

2. Other items

Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mike Berwick AM	3	2
Ken Atkinson	4	4
Julia Leu	2	1
Peter Rowles	4	4
Allison Halliday	4	3
Dr Keith Noble	4	4
Ryan Donnelly	4	4
Steve Turton	2	2
Robin Clark	1	1

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2017 has been received and can be found on page 5 of the financial report.

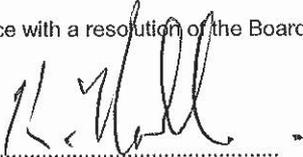
FNQ NRM Ltd Trading As Terrain NRM

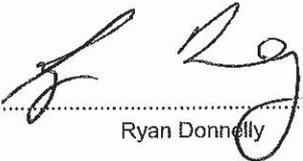
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Directors' Report

30 June 2017

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

Director: 
Dr Keith Noble

Director: 
Ryan Donnelly

Dated this 12 day of SEPT 2017

FNQ NRM Ltd Trading As Terrain NRM

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Auditor's Independence Declaration under Section 60-40 of the Australia Charities and Not-for-profit Commission Act 2012 to the Directors of FNQ NRM Ltd Trading As Terrain NRM

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath



Donna Sinanian
Chartered Accountants

Townsville

FNQ NRM Ltd Trading As Terrain NRM

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
Revenue	8,373,598	10,046,521
Employee benefits expense	(2,894,318)	(2,428,540)
Depreciation and amortisation expense	(33,191)	(35,219)
Other expenses	(5,025,338)	(8,145,637)
Profit before income tax	420,751	(562,875)
Income tax expense	-	-
Total comprehensive income for the year	420,751	(562,875)

The accompanying notes form part of these financial statements.

FNQ NRM Ltd Trading As Terrain NRM

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Statement of Financial Position

30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	6,235,227	5,846,121
Trade and other receivables	9	240,336	584,379
Other assets	11	27,340	33,289
TOTAL CURRENT ASSETS		<u>6,502,903</u>	<u>6,463,789</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,641	38,831
TOTAL NON-CURRENT ASSETS		<u>5,641</u>	<u>38,831</u>
TOTAL ASSETS		<u>6,508,544</u>	<u>6,502,620</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	592,791	1,042,030
Short-term provisions	13	324,074	240,942
TOTAL CURRENT LIABILITIES		<u>916,865</u>	<u>1,282,972</u>
NON-CURRENT LIABILITIES			
Long-term provisions	13	145,727	187,587
TOTAL NON-CURRENT LIABILITIES		<u>145,727</u>	<u>187,587</u>
TOTAL LIABILITIES		<u>1,062,592</u>	<u>1,470,559</u>
NET ASSETS		<u>5,445,952</u>	<u>5,032,061</u>
EQUITY			
Reserves	14	4,330,471	4,082,918
Retained earnings		1,115,481	949,144
TOTAL EQUITY		<u>5,445,952</u>	<u>5,032,062</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Retained Earnings	Reserves	Total
Note	\$	\$	\$
Balance at 1 July 2016	949,143	4,082,918	5,032,061
Profit (loss) for the year	413,889	-	413,889
Net movement from retained earnings to reserves	(247,552)	247,552	-
Balance at 30 June 2017	1,115,480	4,330,470	5,445,950

2016

	Retained Earnings	General Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2015	1,075,472	4,519,466	5,594,938
Profit attributable to members of the parent entity	(562,877)	-	(562,877)
Net movement from reserves to retained earnings	436,548	(436,548)	-
Balance at 30 June 2016	949,143	4,082,918	5,032,061

FNQ NRM Ltd Trading As Terrain NRM

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Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	8,576,643	9,474,143
Payments to Suppliers and Employees	(8,327,624)	(10,379,823)
Interest Received	140,087	152,814
Net cash provided by/(used in) operating activities	22 <u>389,106</u>	<u>(752,866)</u>
Net increase/(decrease) in cash and cash equivalents held	389,106	(752,866)
Cash and cash equivalents at beginning of year	5,846,121	6,598,987
Cash and cash equivalents at end of financial year	8 <u>6,235,227</u>	<u>5,846,121</u>

The accompanying notes form part of these financial statements.

FNQ NRM Ltd Trading As Terrain NRM

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Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report covers FNQ NRM Ltd Trading As Terrain NRM as an individual entity. FNQ NRM Ltd Trading As Terrain NRM is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of FNQ NRM Ltd Trading As Terrain NRM is Australian dollars.

The financial report was authorised for issue by the Directors on the date of signing the directors report of the company.

Comparatives are consistent with prior years, unless otherwise stated.

Amounts in the financial statements have been rounded off to the nearest dollar.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profit Commission Act 2012. The company is a not-for-profit entity for financial purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs.

2 Summary of Significant Accounting Policies

(a) Income Tax

No provision for income tax has been raised as the company operates solely as a not-for-profit company and accordingly is exempt from income tax under Section 50-45 of the Income Tax Assessment Act (1997)..

(b) Leases

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

(c) Revenue and other income

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

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

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

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Goods and services tax (GST)

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(d) Goods and services tax (GST)

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in the profit or loss or as a revaluation decrease if the impairment relates to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 recognised as expenses in the statement of profit or loss in the financial period in which they are incurred.

Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment at cost	6.67% - 25%
Furniture and Fittings at cost	20%
Office Furniture and Equipment at cost	6.67% - 25%
Computer Equipment at cost	20% - 30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

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

(h) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key judgments

- i) Provision for long service leave - Note 2(h)
- ii) Depreciation of fixed assets - Note 2(e)

FNQ NRM Ltd Trading As Terrain NRM

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Notes to the Financial Statements For the Year Ended 30 June 2017

4 Revenue and Other Income

Revenue from continuing operations

	2017	2016
	\$	\$
- Fund Income	8,175,477	9,841,032
- Interest received	140,087	152,814
- Other Revenue	58,035	52,675
Total Revenue	8,373,599	10,046,521

5 Result for the Year

The result for the year includes the following specific expenses:

Superannuation Contributions	229,553	194,640
Operating lease rentals	51,988	68,109

6 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of FNQ NRM Ltd Trading As Terrain NRM during the year are as follows:

Short-term employee benefits	563,136	437,784
Long-term benefits	66,892	31,113
Post-employment benefits	54,040	42,784
	684,068	511,681

7 Auditors' Remuneration

	2017	2016
	\$	\$
Remuneration of the auditor		
- auditing and reviewing the financial statements	25,995	24,625
Total	25,995	24,625

8 Cash and Cash Equivalents

Cash on hand	500	500
Bank balances	6,234,727	5,845,621
	6,235,227	5,846,121

FNQ NRM Ltd Trading As Terrain NRM

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Notes to the Financial Statements For the Year Ended 30 June 2017

9 Trade and Other Receivables

CURRENT

Trade receivables	240,336	578,897
GST receivable	-	5,482
Total current trade and other receivables	240,336	584,379

10 Property, plant and equipment

PLANT AND EQUIPMENT

Plant and equipment

At cost	10,265	10,265
Accumulated depreciation	(10,264)	(10,249)
Total plant and equipment	1	16

Furniture, fixtures and fittings

At cost	134,697	134,697
Accumulated depreciation	(130,268)	(103,329)
Total furniture, fixtures and fittings	4,429	31,368

Office equipment

At cost	43,528	43,528
Accumulated depreciation	(42,317)	(41,786)
Total office equipment	1,211	1,742

Computer equipment

At cost	113,799	113,799
Accumulated depreciation	(113,799)	(108,094)
Total computer equipment	-	5,705

Total property, plant and equipment

5,641	38,831
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(a) 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 \$	Furniture, Fixtures and Fittings \$	Office Equipment \$	Computer Equipment \$	Total \$
Year ended 30 June 2017					
Balance at the beginning of the year	16	31,368	1,742	5,706	38,832
Depreciation expense	(15)	(26,939)	(531)	(5,706)	(33,191)
Balance at the end of the year	1	4,429	1,211	-	5,641

Notes to the Financial Statements
For the Year Ended 30 June 2017

10 Property, plant and equipment

(a) Movements in Carrying Amounts

11 Other Assets

	2017	2016
	\$	\$
CURRENT		
Accrued Income	27,340	33,289

12 Trade and Other Payables

	2017	2016
	\$	\$
Current		
Trade payables	450,874	802,017
GST payable	33,745	-
Accrued wages	64,382	35,959
Accrued expenses	43,790	204,054
	<u>592,791</u>	<u>1,042,030</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

13 Provisions

CURRENT		
Annual Leave	107,135	32,730
Long Service Leave	216,939	208,212
	<u>324,074</u>	<u>240,942</u>
NON-CURRENT		
Long Service Leave	145,727	187,587

14 Reserves

	2017	2016
	\$	\$
Unexpended grants reserve		
Opening balance	2,640,209	2,956,802
Transfer (to)/from retained earnings	289,209	(316,593)
	<u>2,929,418</u>	<u>2,640,209</u>

Notes to the Financial Statements
For the Year Ended 30 June 2017

14 Reserves

	2017	2016
	\$	\$
Natural Capital Fund reserve		
Opening balance	131,682	174,650
Transfer (to)/from retained earnings	(57,664)	(42,968)
	<u>74,018</u>	<u>131,682</u>
General reserve		
Opening balance	913,392	984,225
Transfer (to)/from retained earnings	(101,066)	(70,833)
	<u>812,326</u>	<u>913,392</u>
Business Continuity reserve		
Opening balance	397,635	403,789
Transfer (to)/from retained earnings	117,074	(6,154)
	<u>514,709</u>	<u>397,635</u>
Total	<u><u>4,330,471</u></u>	<u><u>4,082,918</u></u>

15 Leasing Commitments

(a) Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	92,081	114,825
- between one year and five years	11,875	24,399
	<u>103,956</u>	<u>139,224</u>

Operating leases are in place for motor vehicle operating leases which are entered into for a term of not greater than three years on a fixed rental for the period, leases of photocopiers/printers which are for a period of two years but does not include office leases.

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016:None).

17 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 6.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Notes to the Financial Statements
For the Year Ended 30 June 2017

17 Related Parties

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The company did not enter into any transactions with related parties during this financial year, other than those disclosed for Key Management Personnel.

18 Economic Dependence

The continuing operation of the entity is dependent upon the continuation of adequate funding from the Australian Commonwealth and State Governments in respect of operational and capital grants. .

19 Events after the end of the Reporting Period

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 future financial years.

20 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Company.

21 Statutory Information

The registered office of and principal place of business of the company is:

FNQ NRM Ltd Trading As Terrain NRM
2 Stitt Street
INNISFAIL QLD 4860

22 Cash Flow Information

(a) Reconciliation of cash

	2017	2016
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	6,235,227	5,846,121

Notes to the Financial Statements
For the Year Ended 30 June 2017

22 Cash Flow Information

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

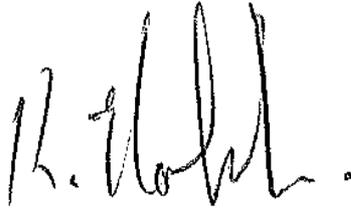
	2017	2016
	\$	\$
Profit for the year	420,751	(562,877)
Non-cash flows in profit:		
- depreciation	33,191	35,219
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	349,992	(399,674)
- increase/(decrease) in trade and other payables	(449,239)	115,846
- increase/(decrease) in employee benefits	41,272	58,620
Cashflows from operations	395,967	(752,866)

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 18, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*; and
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for 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

Dr Keith Noble



Director

Ryan Donnelly

Dated this 12 day of SEPTEMBER 2017

FNQ NRM Limited

Independent Auditor's Report to the Directors of FNQ NRM Limited

Opinion

We have audited the financial report of FNQ NRM Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

FNQ NRM Limited

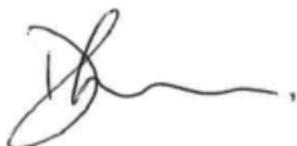
Independent Auditor's Report to the Directors of FNQ NRM Limited (Cont.)

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

CROWE HORWATH AUDIT QUEENSLAND



Donna Sinanian
Associate Partner
Townsville, 20/09/2017