

Greenpeace Australia Pacific Limited

ABN 61 002 643 852

General purpose (RDR) financial report
for the year ended 31 December 2017

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Directors' report

The directors present their report together with the financial report of Greenpeace Australia Pacific Limited (the "Company") for the financial year ended 31 December 2017 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Name: Dr. Lena Aahlby
(Chair of Board)

Experience: Director and Founder of StrategyForChange Consultancy, Global Programme Director for World Animal Protection, former Director ActionAid (Sweden), former Campaign Director for ActionAid (Australia), former International Programme Director and International Issues Director for Greenpeace International.

Appointed: 15 June 2011

Directorship of other corporations: Management committee for Climate Justice Program (retired)

Name: Prof. Jim Falk

Experience: PhD Theoretical Physics, former Chair GPAP Finance & Audit Committee & Board, Councillor Aust. Conservation Foundation, Deputy Vice-Chancellor (2000-2003) Victoria University, Director of the Australia Centre for Science, Innovation and Society (Uni Melb. 2004-2010), Professorial Fellow, Melbourne Sustainable Society Institute, Emeritus Professor, University of Wollongong, author.

Appointed: 22 February 2013

Directorship of other corporations: Nil

Name: Louise Tarrant

Experience: Former National Secretary of the Liquor Hospitality and Miscellaneous Workers Union (later known as United Voice)

Appointed: 28 May 2016

Directorship of other corporations: Board Member, Climate Action Network Australia.

Name: Barry Rafe
(Chair of the Finance and Audit committee)

Experience: Consultant, training facilitator on governance, strategy, finance, risk; former Director, CEO and consultant to Financial Services companies and Superannuation Funds

Appointed: 28 May 2016

Directorship of other corporations: Director, Institute of Actuaries of Australia; Director, Quality Product Research Pty Ltd

Name: Kasy Chambers

Experience: Executive Director, Anglicare Australia; extensive national experience in the government and community sector organisations

Appointed: 28 May 2016

Directorship of other corporations: Director, Environmental Defender's Office for the ACT

Directors' report (continued)

Directors (continued)

Name: Katerina Lecchi
Project Advisor, Child Safe Organisations - Australian Human Rights Commission, extensive experience in the not for profit and public sector undertaking policy, advocacy, program management, education and community development.

Appointed: 28 May 2016

Directorship of other corporations: Nil

Name: Amber Roberts
Manager PWC Indigenous Consulting; Extensive experience working in native title law, Indigenous sentencing courts, human rights law, Indigenous health equality, reconciliation and workplace diversity.

Appointed: 27 May 2017

Directorship of other corporations: Directors of Indigi Lab

Name: Mark Phibbs
Held senior executive role on international tech companies

Appointed: 27 May 2017

Directorship of other corporations: Vice President – EMEA Marketing; Board member of the Portugal/Australia Chamber of Commerce

Company secretary

Mr Terry O'Donnell, B.Com, AGIA was appointed to the position of Company Secretary in December 2009.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Directors' meetings Number eligible to attend	Finance Committee		Board and GA Nomination Committee		Governance Committee		
		Meetings Number eligible to attend	Meetings Number eligible to attend	Meetings Number eligible to attend	Meetings Number eligible to attend	Meetings Number eligible to attend	Meetings Number eligible to attend	
Dr. Lena Aahlby	7	6	5	5	-	-	6	5
Prof. Jim Falk	7	7	1	1	-	-	-	-
Louise Tarrant	7	7	1	1	-	-	-	-
Barry Rafe	6	6	5	4	-	-	6	6
Kasy Chambers	7	3	1	1	-	-	6	1
Katerina Lecchi	7	6	1	1	5	5	-	-
Amber Roberts	3	1	-	-	-	-	-	-
Mark Phibbs	3	1	-	-	-	-	-	-

The Board is an oversight and governing body that ensures the Company obtains and appropriately uses resources required to carry out its mission and objects and sustain it into the future. The Board oversees the use of donations received through the Public Fund ensuring they are applied for a charitable purpose. All members of the Board are directors.

Directors' report (continued)

Directors' meetings (continued)

The Finance and Audit Committee is an advisory body to the Board to assist the Board in the effective discharge of its responsibilities. The areas of focus are Financial reporting; Corporate risk and internal controls that could have impact on the financial statements; and Corporate Governance compliance. Membership of the Committee is by appointment by the Board and a maximum of four members external to the Board may be appointed as members of the Committee.

The Board and General Assembly Nomination Committee assists the Board by ensuring that nominee members and directors put before the GA for election are of suitable number in terms of the desired size of the GA and/or Board; and suitable composition in terms of qualifications, experience, character and motivation. Membership of the Committee consists of at least 3 members recruited from the Board and General Assembly.

Company strategy, objectives and principal activities

Short and long term objectives

The Company's mission is to secure the ability of the earth to nurture and sustain life in all its diversity.

Specifically the Company seeks to keep global warming below 1.5 degrees and protect biodiversity.

Accordingly, the Company works on the most urgent environmental issues of our time; with priorities including climate change, the depletion of marine and terrestrial wildlife, large scale deforestation, and threats to iconic regions including the Great Australian Bight and the Great Barrier Reef.

The Company's primary goal over the next three years is to accelerate the decline of the oil and coal industries as a critical step towards keeping global warming below 1.5 degrees and protect biodiversity.

To achieve this the Company will undertake activities that seek to:

- Shift economic, social, political and cultural support away from coal and oil towards renewable energy; and
- Protects iconic natural places in Australia from the further expansion of the coal and oil industries.

Strategy for achieving those objectives

The Company is a fully independent, globally networked, campaigning organisation. We use research based investigation and non-violent, creative confrontation to expose global environmental problems, and to bring about the solutions which are essential to a green and peaceful future.

We ignite the shared economic, social, political and cultural power of people to achieve our goals.

In developing our education and campaign strategies and policies we take great care to reflect our fundamental respect for democratic principles, and to seek solutions that will promote global social equity and fairness.

Where possible and appropriate we work closely with other organisations and with communities in order to maximise effectiveness and impact.

The Company situates its campaigns in the global context, and supports national, regional and international campaign work that is agreed through the international Greenpeace network.

Principal activities during 2017 and how those activities assisted in achieving objectives

The Company has achieved outcomes both alone and with allies during 2017 on issues that include coal finance, oil, plastics and tuna. While doing this we have engaged significant numbers of current and new supporters. Overall, the Company was successful on ten fronts across the year.

Reflecting the Company's objectives, in 2017, our chief work included:

- Seeking a de facto moratorium on coal through reducing public and private finance;
- Engaging new audiences in relation to achieving the Company's objectives;
- Pursuing an end to plans for exploratory oil drilling in the Great Australian Bight;
- Reducing single-use plastic use through bans on bags in supermarkets and at state government level;

Directors' report (continued)

Company strategy, objectives and principal activities (continued)

- Protecting the Antarctic through creation of an Ocean Sanctuary in the Weddell Sea;
- Working with Australian canned tuna brands to ensure they do not purchase tuna caught with destructive fish aggregation devices;
- Obtaining business action in relation to reducing rainforest deforestation and destruction in Indonesia;
- Creating an organised pathway to enable young Pacific Island leaders to challenge, question and expose failings of global accountability on climate change;
- Providing support to local communities transitioning away from coal;
- Campaigning for the Australian Government to support the new UN ban on nuclear weapons.

All funds earned by the Company are wholly utilised for our environmental and charitable activities. No benefits accrue to the Company's members.

Our key tactics of public communication and consumer information, investigation and analysis, political and corporate lobbying, public outreach, traditional and social media communication, consumer awareness raising, public rallies and non-violent creative confrontation, have been used across our campaign areas.

Measurement of performance including any key performance indicators

Performance measurement of public campaigning is notoriously difficult because correlation does not equal causation; nevertheless measures that are applied include: media-monitoring, digital media metrics, social media monitoring and metrics, supporter surveying, internal qualitative evaluation, global benchmarking within the Greenpeace network and external peer assessment.

In 2017, the Company set internal targets for the following campaign supporting goals:

- Create content that is strategic, timely and engaging.
- Empower more people to act more often with us and one another.
- Cultivate a culture that prizes learning, respect and creativity.
- Achieve integration across departments and functions.
- Act and plan for a sustainable future for Greenpeace in Australia and the Pacific.

Campaign performance, progress against the above goals and reporting against the Company's annual financial targets are tracked quarterly at board meetings through reporting and discussions at the meeting.

Additional financial and non-financial reporting conforming to global Greenpeace KPI's are made each quarter to enhance global decision making within Greenpeace.

Who was helped by these activities?

Our work benefits all life on earth. More proximately, among those prominently assisted by our activities over the past year include:

- All those who depend on the existence of the Great Barrier Reef for their livelihoods, as well as the natural environment of the Reef itself.
- Local communities who depend on the tuna stocks of the West and Central Pacific for their livelihoods.
- Pacific island nations threatened by rising sea levels and ocean acidification, as well as the ocean environment itself.
- Local communities who depend on healthy and vibrant forests in Indonesia for their livelihoods, as well as the natural forest environment itself.

Directors' report (continued)

Company strategy, objectives and principal activities (continued)

- Local communities who depend on the Great Australian Bight for their livelihoods, as well as the Great Australian Bight environment.
- The Community of Port Augusta which has been exposed to air-borne coal pollutants.
- Citizens of those states of Australia which have now introduced bans on single-use plastic bags.

Governance

We are extremely grateful for the trust bestowed on us by our donors to protect and conserve our natural environment and commit to high standards of accountability and transparency. In support of this commitment the Company is a signatory to the International NGO Accountability Charter and meets its reporting requirements through collective reporting through Greenpeace International.

The Company measures its performance according to progress against objectives and goals outlined in the Strategic Plan: 2015 to 2017 in the areas of campaigns, communications, human resources, finance, governance and fundraising. This information is monitored by the senior executive on a monthly basis, reviewed by the Board at least quarterly and updates communicated to the voting membership each quarter following board meetings and annually at the annual general meeting.

The governance objectives detailed in the Strategic Plan were implemented as follow:

- *Support the CEO in the implementation of Greenpeace Australia Pacific's 3 year plan*

The Company is committed to becoming a learning organisation with a strong capability to adapt and thrive in a rapidly changing environment. In 2016, we engaged consultants to assist us develop a fit for purpose impact measurement system. After a series of workshops the possibility of improving alignment around Greenpeace's theory of change was identified. On this advice, the development of an impact measurement framework in 2017 was paused and development of the Company's theory of change was embedded into the strategic planning process for the 2018-2020 years. The new strategic plan was completed in Q1 2018 and the impact measurement system is expected to be developed and piloted in the 2018 year.

- *Strengthen GPAP's governance*

The Board conducted a review of the Chief Executive Officer's performance in Q1 2017 and confirmed its confidence in the leadership provided by CEO David Ritter. Throughout the year the CEO's performance was monitored regularly.

The organisational performance is tracked at quarterly board meetings through reporting and discussions at the meeting.

The Board continued its engagement with the voting membership providing education modules and workshop opportunities for members to participate in the development of a new three year strategic plan.

The Board established a Governance Committee comprising a mix of directors, voting members and global Greenpeace representation to develop a) recommendations for a reporting framework for the Boards reporting to the voting membership; b) a code of conduct focused on the interaction between the board and the GA; and c) reviewing the constitution.

An extraordinary meeting of members was held in late October at which the reporting recommendations put by the Governance Committee were tabled and strategic planning consultation was carried out.

The annual induction and update session for all incoming and continuing directors was carried out in 2017.

In December 2017, the Board engaged an external evaluator to carry out an evaluation of the Board in Q1 2018.

Directors' report (continued)

Governance (continued)

The Board manual received minor revisions and updates in 2017 to ensure the charter remains fit for purpose.

- *Engage in, and contribute to, global Greenpeace*

In addition to the global financial contribution the Company makes to Greenpeace International key personnel make significant contributions that help support either directly or indirectly global campaigns. Most significant is the contribution made by the Chief Executive Officer in his role on the Greenpeace Global Leadership Team (GLT), the body that provides high-level strategic guidance to the global organisation by advising the International Executive Directors on major strategic issues. This appointment concluded in mid-2017 upon the completion of his second twelve month term as a GLT member. The Chief Executive Officer continues to serve as Co-Chair of the Global People Committee, one of two permanent advisory committees to the GLT.

Operating and financial review and performance measurement

Trading results

Our independence is paramount and is unique in international environmental NGO's.

We do not accept funding from governments or corporations. Therefore raising awareness of the most urgent environmental issues of our time and engaging the public and our supporters in our campaigns that tackle those issues is central to work the Company runs. In 2017, 91.6% of our costs (2016: 92.6%) were devoted to engagement (including campaigning, fund raising, lobbying, public communication) with 8.4% (2016: 7.4%) being directed towards Administration Costs (referred to as Organisation Support).

We rely on the goodwill and generosity of individual members of the public as well as eligible trusts and foundations. For this reason we encourage donors to make a regular donation, giving the organisation the security to make long-term commitments to our campaigns, enabling us to plan ahead and respond quickly, while remaining flexible and independent.

Regular donors are key partners in our campaigns. Most visible in 2017 was the increased investment in recruitment of new supporters which in combination with previous years investments saw regular giving receipts grow by nearly \$1m (2017: \$14,625,643 vs 2016: \$13,632,013).

The additional investment in new supporters in combination with large bequest receipts in 2017 \$1,692,465 (\$500,031 in 2016) saw overall Fundraising Revenue increased to \$19,408,616 (2015: \$16,892,102).

We are ever mindful of the trust bestowed on us by our supporters to tackle the most urgent environmental issues of our time. As part of a global campaigning organisation the Company's contribution to global Greenpeace remained steady in 2017 at \$5,701,700 compared to \$5,847,000 in 2016.

The Company returned a deficit of \$3,064,012 (2016: \$3,033,876).

The deficit is consistent with the Company's plans to invest in order to secure long term financial viability and ensure appropriate levels of resources are available to continue to fund robust campaign capability with global reach.

The Company's financial position remains strong with reserves of \$5,039,890 in 2017 down from \$8,103,902 in 2016).

Reserves and liquidity are monitored monthly and are subject to a risk assessment as part of the annual budget setting and quarterly review processes. Current reserves remain in excess of what is required under our Reserves Policy.

The Company maintains endorsement to receive deductible gifts and is exempt from income tax, accordingly no provision for income tax is required.

Membership

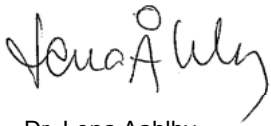
The Company is a company limited by guarantee and without share capital. If the Company is wound up, the articles of association state that each member is required to contribute a maximum of \$5 towards meeting any outstanding obligations of the Company. The numbers of members as at 31 December 2017 were 79 (2016: 50).

Directors' report (continued)

Auditor independence

The directors received an independence declaration from the auditor of Greenpeace Australia Pacific Limited. A copy has been included on page 8 of the report.

Signed in accordance with a resolution of the directors.



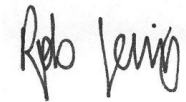
Dr. Lena Aahlby
Chair of Board
Sydney
28 March 2018

Auditor's Independence Declaration to the Directors of Greenpeace Australia Pacific Limited

In relation to our audit of the financial report of Greenpeace Australia Pacific Limited for the financial year ended 31 December 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Rob Lewis
Partner
28 March 2018

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Notes	2017 \$	2016 \$
Income	4.1	19,408,616	16,892,102
Other income	4.2	91,598	255,620
Fundraising expenditure		(10,244,896)	(7,922,095)
Campaigning expenditure		(10,529,838)	(10,964,693)
Organisational support		(1,895,835)	(1,498,846)
Result from operating activities		(3,170,355)	(3,237,912)
Finance income	4.3	108,103	207,847
Finance costs	4.3	(1,760)	(3,811)
Net finance income		106,343	204,036
Loss before income tax		(3,064,012)	(3,033,876)
Income tax expense		-	-
Loss for the year		(3,064,012)	(3,033,876)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,064,012)	(3,033,876)

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

Statement of financial position

As at 31 December 2017

		<u>2017</u>	<u>2016</u>
	Notes	\$	\$
Assets			
Current assets			
Cash and short-term deposits	5	6,089,525	9,690,301
Receivables	6	659,940	281,069
Other assets	7	82,096	53,250
Total current assets		<u>6,831,561</u>	<u>10,024,620</u>
Non-current assets			
Property, plant and equipment	8	94,834	164,976
Total non-current assets		<u>94,834</u>	<u>164,976</u>
Total assets		<u>6,926,395</u>	<u>10,189,596</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	9	769,270	960,955
Employee benefit liabilities	10	864,917	898,221
Deferred revenue		15,500	104,895
Total current liabilities		<u>1,649,687</u>	<u>1,964,071</u>
Non-current liabilities			
Employee benefit liabilities	10	236,818	121,623
Total non-current liabilities		<u>236,818</u>	<u>121,623</u>
Total liabilities		<u>1,886,505</u>	<u>2,085,694</u>
Net assets		<u>5,039,890</u>	<u>8,103,902</u>
Accumulated funds			
Reserves		1,469,562	1,469,562
Accumulated surplus		3,570,328	6,634,340
Total accumulated funds		<u>5,039,890</u>	<u>8,103,902</u>

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

Statement of changes in accumulated funds

For the year ended 31 December 2017

	Accumulated surplus	Bequest reserve (Note 2(j))	Total
	\$	\$	\$
At 1 January 2017	6,634,340	1,469,562	8,103,902
Deficit for the year	(3,064,012)	-	(3,064,012)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(3,064,012)	-	(3,064,012)
At 31 December 2017	<u>3,570,328</u>	<u>1,469,562</u>	<u>5,039,890</u>
At 1 January 2016	9,668,216	1,469,562	11,137,778
Deficit for the year	(3,033,876)	-	(3,033,876)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(3,033,876)	-	(3,033,876)
At 31 December 2016	<u>6,634,340</u>	<u>1,469,562</u>	<u>8,103,902</u>

The above statement of changes in accumulated funds should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2017

	2017	2016
Note	\$	\$
Operating activities		
Cash receipts from donations and fundraising activities	19,383,639	18,461,272
Cash (paid)/receipts from related parties contributions	(353,451)	549,024
Cash paid to suppliers and employees	(22,689,274)	(21,599,887)
Interest received	4.3 108,103	207,847
Net cash flows used in operating activities	<u>(3,550,983)</u>	<u>(2,381,744)</u>
Investing activities		
Proceeds from sale of property, plant and equipment	-	27,342
Purchase of property, plant and equipment	8 (49,793)	(44,124)
Net cash flows used in investing activities	<u>(49,793)</u>	<u>(16,782)</u>
Financing activities		
Repayment of loans	-	(500,000)
Net cash flows used in financing activities	<u>-</u>	<u>(500,000)</u>
Net decrease in cash and cash equivalents	(3,600,776)	(2,898,526)
Cash and cash equivalents at 1 January	9,690,301	12,588,827
Cash and cash equivalents at 31 December	5 <u>6,089,525</u>	<u>9,690,301</u>

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

Notes to the financial statements

For the year ended 31 December 2017

1. Corporate information

The financial statements of Greenpeace Australia Pacific Limited (the "Company") for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 28 March 2018.

The Company is a company limited by guarantee and without share capital and is a not-for-profit entity. If the Company is wound up, the articles of the association state that each member is required to contribute an amount of \$5 towards meeting any outstanding obligations of the Company.

The registered office and the principal place of business of the Company is Level 2, 33 Mountain Street, Ultimo, NSW 2007.

The Company is primarily involved in promoting awareness among the public by independent campaigning to ensure the ability of the earth to nurture life in all its diversity.

2. Summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a not-for-profit entity which is not publicly accountable. Therefore, the financial statements for the Company are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollar (\$).

2.2 Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2017 does not materially impact the financial statements of the Company.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 31 December 2017. The directors have not early adopted any of these new or amended standards or interpretations. The directors are in the process of assessing the impact of the applications of AASB 9 *Financial Instruments* (effective 1 January 2018), AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2018), AASB 1058 *Income of Not-for-Profit Entities* (effective 1 January 2019) and AASB 16 *Leases* (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Company.

2.3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

a) Current versus non-current classification (continued)

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

b) Foreign currencies

Both the functional and presentation currency of the Company is Australian dollars (\$).

Transactions in foreign currencies are initially recorded at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Cash and short-term deposits

Cash and short term deposits in the statement of financial position comprise cash at bank and on hand and call deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and on hand and short term deposits, as defined above.

d) Receivables

Collectability of receivables is reviewed on an ongoing basis at an operating unit level. Individual receivables that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

Related party receivables are carried at cost, less impairment, if any.

e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

e) Property, plant and equipment (continued)

Recognition and measurement (continued)

Only assets purchased with a value in excess of \$2,000 are capitalised.

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.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follow:

Leasehold improvements	10 years (or the term of lease if shorter)
Furniture and equipments	3 - 4 years
Information technology	3 years
Motor vehicles	4 years

f) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

The Company's leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment if any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

g) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amount of the trade and other payables is deemed to reflect fair value.

Related party payables are non-interest bearing and carried at cost.

i) Employee benefit liabilities

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

j) Reserves/surplus

Reserves are held to meet all identifiable liabilities the organisation may face in the event of a sudden cessation of operations. These liabilities are quantified and subjected to a risk assessment as part of the annual budget setting process. The level of reserves is set by the Board annually.

Any surplus in excess of the reserves level is held to enable investment into campaigning, fundraising or organisational strategic opportunities.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

k) Income

Income in the form of bequests, donations and contributions is recognised in the year in which they are received or the period in which the Company gains control of the asset. Conditional bequests and grants are treated as a liability until the condition relating to the bequest or grant has been satisfied at which point they are recognised as income.

In-kind donations

Plant and equipment and other items donated to the Company are included at the fair value to the Company where this can be quantified and a third party is bearing the cost.

l) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest rate (EIR) method.

Finance costs comprise interest expense on borrowings and net foreign exchange loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the EIR method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or not loss position.

m) Income tax

The Company has received written confirmation from the Deputy Commissioner of Taxation that it is exempt from income tax pursuant to Section 50-10 of the Income Tax Assessment Act 1997. Accordingly no provision for income tax is required.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with Australian Accounting Standards - Reduced Disclosure Regime requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

Notes to the financial statements (continued)

For the year ended 31 December 2017

4. Revenue and expenses

4.1 Income

	<u>2017</u>	<u>2016</u>
	\$	\$
Regular auto-giving	12,214,177	12,134,886
Supporter recruitment	2,501,706	1,613,512
Major donations and foundations	1,596,680	1,368,826
Special appeals	1,296,551	1,145,741
Bequest income	1,692,465	500,031
Membership renewal	107,037	129,106
	<u>19,408,616</u>	<u>16,892,102</u>

4.2 Other income

	<u>2017</u>	<u>2016</u>
	\$	\$
Net gain on sale of property, plant and equipment	-	21,775
Contributions from Greenpeace International Ltd	87,239	225,140
Other income	4,359	8,705
	<u>91,598</u>	<u>255,620</u>

4.3 Finance income/(finance costs)

	<u>2017</u>	<u>2016</u>
	\$	\$
Interest income	108,103	207,847
Finance income	<u>108,103</u>	<u>207,847</u>
Net foreign exchange loss	(1,760)	(3,811)
Finance cost	<u>(1,760)</u>	<u>(3,811)</u>
Net finance income recognised in statement of profit or loss and other comprehensive income	<u>106,343</u>	<u>204,036</u>

Notes to the financial statements (continued)

For the year ended 31 December 2017

5. Cash and short-term deposits

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash on hand	1,200	1,000
Cash at bank	905,854	1,185,270
Call deposits	5,182,471	8,504,031
	<u>6,089,525</u>	<u>9,690,301</u>

6. Receivables

	<u>2017</u>	<u>2016</u>
	\$	\$
Current		
Other receivables	219,250	281,069
Related party receivables:		
Greenpeace International Ltd	436,198	-
Greenpeace Germany	4,492	-
	<u>659,940</u>	<u>281,069</u>

7. Other assets

	<u>2017</u>	<u>2016</u>
	\$	\$
Current		
Advances to employees	10,884	(6,100)
Prepayments	71,212	59,350
	<u>82,096</u>	<u>53,250</u>

Notes to the financial statements (continued)

For the year ended 31 December 2017

8. Property, plant and equipment

	Leasehold improvements	Furniture and equipments	Information technology	Motor vehicles	Other	Total
	\$	\$	\$	\$	\$	\$
Cost or deemed cost						
At 1 January 2017	500,770	151,958	598,576	375,453	1,941	1,628,698
Additions	-	19,951	29,842	-	-	49,793
At 31 December 2017	500,770	171,909	628,418	375,453	1,941	1,678,491
Depreciation and impairment losses						
At 1 January 2017	461,047	144,276	555,994	302,405	-	1,463,722
Depreciation charge for the year	31,169	11,953	28,383	48,430	-	119,935
At 31 December 2017	492,216	156,229	584,377	350,835	-	1,583,657
Net book value At 31 December 2017	8,554	15,680	44,041	24,618	1,941	94,834
At 31 December 2016	39,723	7,682	42,582	73,048	1,941	164,976

During the year, an amount of \$119,944 in respect of depreciation expense was recognised in profit or loss (2016: \$150,223).

Notes to the financial statements (continued)

For the year ended 31 December 2017

9. Trade and other payables

	<u>2017</u>	<u>2016</u>
	\$	\$
Current		
Trade payables	421,136	656,874
Other payables and accrued expenses	348,134	304,081
	<u>769,270</u>	<u>960,955</u>

10. Employee benefit liabilities

	<u>2017</u>	<u>2016</u>
	\$	\$
Current		
Annual leave	383,905	399,293
Long service leave	233,794	259,546
Personal leave	247,218	239,382
	<u>864,917</u>	<u>898,221</u>
Non-current		
Long service leave	<u>236,818</u>	<u>121,623</u>

During the year, an amount of \$5,691,492 in respect of employee benefits was recorded in profit or loss (2016: \$5,561,062) of which an amount of \$443,552 in respect of contributions to defined contribution plans was recognised (2016: \$437,429).

11. Commitments

Operating lease commitments - Company as lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Within one year	650,621	272,604
After one year but not more than five years	209,687	407,607
More than five years	-	-
	<u>860,308</u>	<u>680,211</u>

The Company leases a number of warehouse and office facilities under operating leases. The leases typically run for a period of 7-10 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals. None of the leases includes contingent rentals.

During the year, an amount of \$627,419 expense in respect of operating leases was recognised in profit or loss (2016: \$532,487).

Notes to the financial statements (continued)

For the year ended 31 December 2017

12. Related parties

Director's compensation

The board approved payment of an honorarium for the Board Chair in recognition of the significant time required to fulfill the duties of the position.

	<u>2017</u>	<u>2016</u>
	\$	\$
Honorarium paid	<u>20,000</u>	<u>30,000</u>

Other directors of the Company received reimbursement of expenses only.

Other related party transactions

The Company is required to make contributions to Greenpeace International Ltd on an annual basis in accordance with the Licence Agreement. Licensing contributions are calculated at 18% of total external income (including revenue and finance income but excludes Greenpeace grant income) for the financial year two years prior. An additional negotiated contribution is made to the global programme under the Contribution Model funding mechanism. These additional contributions are made to Greenpeace International Ltd and are calculated using sliding percentages on net of external income reduced by fundraising acquisition costs and conditional income over EUR30k for the financial years two years prior.

	<u>2017</u>	<u>2016</u>
	\$	\$
During the year, contributions were made to:		
Greenpeace International Ltd	<u>5,897,300</u>	<u>5,847,300</u>

The contribution to Greenpeace International Ltd is included as part of campaigning expenditure in the statement of profit or loss and other comprehensive income.

	<u>2017</u>	<u>2016</u>
	\$	\$
During the year, cash was transferred to/(from):		
Greenpeace International Ltd	<u>4,000,000</u>	<u>3,200,000</u>

Related party balances

Receivables and payables due from/to related parties are disclosed at notes 6 and 9.

Key management personnel compensation

The aggregate compensation paid to key management personnel of the Company is set out below:

	<u>2017</u>	<u>2016</u>
	\$	\$
Total key management personnel compensation	<u>1,161,588</u>	<u>844,283</u>

13. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Notes to the financial statements (continued)

For the year ended 31 December 2017

14. Contingent liabilities

The Company has no contingent liabilities as at 31 December 2017 (2016: \$nil).

15. Fundraising Act disclosures

	<u>2017</u>	<u>2016</u>
	\$	\$
<i>Results of fundraising appeals</i>		
Gross proceeds from fundraising appeals	19,408,616	16,892,102
Less: Direct costs of fundraising appeals	<u>(10,244,896)</u>	<u>(7,922,095)</u>
<i>Net surplus from fundraising appeals</i>	<u>9,163,720</u>	<u>8,970,007</u>
<i>Application of net surplus obtained from fundraising appeals</i>		
Campaigning	(10,529,838)	(10,964,693)
Administration	<u>(1,895,835)</u>	<u>(1,498,846)</u>
	<u>12,425,673</u>	<u>12,463,539</u>
Deficit transferred to accumulated surplus	<u>(3,261,953)</u>	<u>(3,493,532)</u>

Refer to the reserves accounting policy note 2(j) for an explanation of how the net surplus from fundraising is applied.

Analytical percentages in accordance with Charitable Fundraising Act (NSW) 1991.

	<u>2017</u>	<u>2016</u>
<i>Fundraising</i>		
Total fundraising costs to fundraising gross income	52.8%	46.9%
Net surplus from fundraising to fundraising gross income	47.2%	53.1%
<i>Campaigning</i>		
Total cost of campaigns to total expenditure	46.4%	53.8%
Total cost of campaigns to total income	54.3%	64.9%

Refer to accounting policies for policy notes relevant to fundraising. There are no material issues or events that are expected to impact on fundraising.

Appeals conducted throughout the year ended 31 December 2017.

- High giving -Trust and Foundations
- End of calendar year giving
- Face to face recruitment
- Reactivating lapsed supporters
- Conversions - one off giving to Regular giving
- Personalised High Giving programme
- Community Fundraising
- End of Tax year giving
- Telemarketing
- Door to Door Recruitment
- Telemarketing conversion leads
- Crowd Funders
- Generic Appeals

Directors' declaration

In the opinion of the directors of Greenpeace Australia Pacific Limited (the "Company"):

- (a) the financial statements and notes of that are set out on page 13 to 23, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australia Accounting Standards - Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commissions Regulation 2013*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors



Dr. Lena Aahlby
Chair of Board
Sydney
28 March 2018

Declaration by director in respect of fundraising appeals pursuant to the Charitable Fundraising Act (NSW) 1991, Collections Act (QLD) 1966, Collections for Charities Act (TAS) 2001 and Fundraising Act (VIC) 1988 - Regulations

I, Lena Aahlby, director of Greenpeace Australia Pacific Limited, declare, in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of Greenpeace Australia Pacific Limited with respect to fundraising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- (c) the provisions of the *Charitable Fundraising Act (NSW) 1991*, *Collections Act (QLD) 1966*, *Collections for Charities Act (TAS) 2001* and *Fundraising Act (VIC) 1988* and the regulations under these Acts and the conditions attached to the authority have been complied with for the period 1 January 2017 to 31 December 2017; and
- (d) the internal controls exercised by Greenpeace Australia Pacific Limited are appropriate and effective in accounting for all income received.



Dr. Lena Aahlby
Chair of Board
Sydney
28 March 2018

Independent auditor's report to the members of Greenpeace Australia Pacific Limited

Opinion

We have audited the financial report of Greenpeace Australia Pacific Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 is in accordance with 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 31 December 2017 and of its financial performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and 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.

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 annual report, 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.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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/Home.aspx>. This description forms part of our auditor's report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Company'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 Company'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 Company 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.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

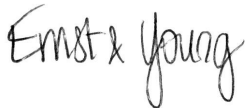
Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

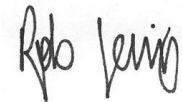
In our opinion:

- a) the financial report of Greenpeace Australia Pacific Limited has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2017, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - ii. sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
 - iii. the *WA Charitable Collections Act (1946)*; and
 - iv. the *WA Charitable Collections Regulations (1947)*.

The money received as a result of fundraising appeals conducted by the company during the financial year ended 31 December 2017 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Rob Lewis
Partner
Sydney
28 March 2018

Statement of income and expenditure

For the year ended 31 December 2017

	<u>2017</u>	<u>2016</u>
	\$000	\$000
INCOME		
Supporter recruitment		
Auto payment	2,411	1,497
Other	197	245
Existing supporters		
Auto payment	12,200	12,132
Special appeals	1,148	973
Other	163	176
Other fundraising income		
Major donors and foundations	1,567	1,369
Bequest income	1,692	500
Other income		
Grant income	87	225
Interest received	108	208
Profit on sale of property, plant and equipment	-	22
Other	3	5
Total income	<u>19,576</u>	<u>17,352</u>
EXPENDITURES		
Fundraising		
Recruitment investment	7,700	5,747
Supporter communication and maintenance	2,545	2,175
Total fundraising expenditure	<u>10,245</u>	<u>7,922</u>
Campaigning		
Oceans	92	664
Client/energy	952	1,034
Forests	2	87
Media and communications	907	948
Marine operations and action support	833	818
Public information	1,475	1,315
Political, science and business	144	226
Other issues	423	26
Contribution to international campaigning	5,702	5,847
Total campaigning expenditure	<u>10,530</u>	<u>10,965</u>
Organisational support	1,896	1,499
Total expenditure	<u>22,671</u>	<u>20,386</u>
Operating surplus	<u>(3,064)</u>	<u>(3,034)</u>
	(3,064)	(3,034)