TABLE OF CONTENTS

Directors Report 4
1. Directors and Meeting Attendance 4
2. Office Bearers 4
3. Proceedings on behalf of the company 5
4. Principal Activities 5
   Organisational Development and Administration 5
   Membership 6
   Certification 8
   Marketing, Training and Events 10
      AGM & International Generic Indicator Forum 11
      FSC Knowledge Tree Series 13
      FSC Friday 14
      FSC Australia Excellence Awards and Policy forum 15
      Train the Trainers Workshop and the Smallholders Program 15
   Policies and Standards 16
      Development of the FSC Australian National Forestry Standard 16
      Indigenous Engagement Project 17
      High Conservation Values Evaluation Framework 18
   Administration, Staff and Premises 18
      Staffing update 19
      Webpage Development 21
   Finance 21
5. Operating Results 22
6. Significant Changes in state of Affairs 22
7. After Balance Date Affairs 22
8. Future Developments 22
9. Dividend payments 22
10. Auditor’s Independence Declaration 22
APPENDIX 1 Directors’ Particulars 23
Directors’ Declaration 29

Independent Auditors Report  i
Directors Declaration  ii
Financial Statements  iii
Auditors Independence Declaration  xiii
MESSAGE FROM THE CHAIRMAN

It is my pleasure to present the 2013 Annual Report for FSC Australia.

It has been another encouraging year of growth for the company. Some highlights include:

- We welcomed 18 new members and three new staff (including the Deputy CEO), as well as five new Board members
- We moved offices to North Melbourne
- We commenced the process of developing a new national standard for forest management, with the appointment of a Standards Development Group
- We continued to improve our financial position and introduced a raft of new financial management processes to provide members confidence that the company is being run prudently
- We developed a comprehensive strategic plan aimed at helping the Board and Management steer the organisation through its next phase of growth and development

It was most pleasing to be able to share the stage with the Director-General of FSC International, Kim Carstensen, at the 2013 Excellence Awards dinner. The relationship between FSC Australia and FSC International has matured considerably over the past 12 months to the point where FSC Australia is considered a critical partner in growing the FSC brand and credibility throughout the Asia Pacific region.

I look forward in the next 12 months to working with our CEO and Board to progress the national standard development process and continue to build the credibility and reputation of FSC in Australia.

Pat Groenhout
Chairman
DIRECTORS REPORT

Your directors present this report on the company for the financial year ended 31 December 2013.

1. DIRECTORS AND MEETING ATTENDANCE
The Board of Directors met seven times in 2013 as follows:

8 February        Melbourne
4/5 April         Melbourne
30 May            Melbourne
5 July            Sydney
16 August         Melbourne
20 September      Sydney
8 November        Melbourne
19 December       Videoconference

The name of each person who was a Director during the year 2013 and their meeting attendance is shown below. Director’s details are shown in Appendix 1. Stars indicate alternate Director’s attendance, appointed pursuant to rule 10.6 of the Constitution.

<table>
<thead>
<tr>
<th>Director</th>
<th>Number of Meetings Attended</th>
<th>Meetings to attend</th>
<th>Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADAMS, Jim</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>FEGENT-MCGEACHIE, Jacqueline</td>
<td>4</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>**WHICKER, Scott, for JFM</td>
<td>2</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>FELTON-TAYLOR, James</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>FIEENBERG, Linda</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>GROENHOUT, Pat</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>JORDAN, Warrick</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>LANAUZE, Jonathan</td>
<td>7</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>**HESKETH, Lindsay, for JL</td>
<td>1</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>PEACHEY, Kevin</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>PRICE, Tony</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>**RICHARDS, Carl, for TP</td>
<td>1</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>REES, Sarah</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>RUSSELL, Susie</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>SCHIRMER, Jacki</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>TAYLOR, Chris</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

2. OFFICE BEARERS

Chair: Adams, Jim (until 30 May)
Price, Tony (30 May – 20 August)
Groenhout, Pat (8 November – current)

Acting Chair: La Nauze, Jonathan (20 August – 8 November)

Company Secretary: Reynolds, Natalie
3. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

4. PRINCIPAL ACTIVITIES

FSC Australia is a not-for-profit membership based organisation established to promote responsible forest management in Australia and in countries supplying the Australian wood and fibre market. Principal activities in pursuit of this mission fall into three broad areas: Organisational Development and Administration, Policies and Standards Development and Market Development.

Organisational Development and Administration
The year 2013 has seen an increased focus on international compliance, governance requirements, appropriate staffing and fundraising efforts.

FSC Australia’s focus on international compliance and relations has resulted in an increase in domestic and international travel by staff, as we build our international reputation as an important regional partner to FSC International.

Of particular note, FSC Australia has commenced the development of the FSC Australian National Forestry Standard this year – work that is core to our mission in Australia. A great deal of time has been spent on fundraising efforts for this crucial project, and this has resulted in the appointment of the Deputy CEO – Policy to manage the process, and the Standards Development Group. Already, important work has begun on this project, with a number of stakeholder consultations having been scheduled for 2014.

FSC Australia continues to build upon its solid financial base, having increased its net assets and maintaining a small surplus, with an increase of expenses due to the appointment of the necessary staffing to continue the growth of the organisation, which has doubled in size over the last twelve months. There has also been an increase in the visibility and structure of the organisation, with the financial management of the organisation being brought in house, and the implementation of strategic and operational plans, to ensure consistent focus is placed on the organisation’s goals.
Membership
In 2013, FSC Australia welcomed eighteen new members — one in the social chamber, eight in the economic chamber, and nine in the environment chamber. This has raised the total number of members to 112, as seven members were written off due to non-payment of outstanding fees, and seven members advised that they were unable to continue their membership of FSC Australia into 2013, mostly due to financial reasons.

![FSC Australia Members chart]

The Economic Chamber remains the largest chamber in number. However, there has been a contraction in the number of Economic chamber members in 2013. Of note, seven small and medium sized companies, and two very large companies have not renewed their membership due to financial, restructure/contraction or change of business focus reasons.
Analysis of membership categories shows that the largest growth was from the Environment Chamber, with the Individual category growing by five, and Small Not-for-Profits increasing by three. The small Not-for-Profit category remains the predominant category, with a total of 13 members falling into this category. In 2013, the Environment chamber increased from 16 to 24 members.

The Social chamber welcomed one new individual member and remained steady across the other categories, increasing to 19 members.

The Economic Chamber showed a small growth in the individual category, and the State and National Industry Associations categories increased by three members. In 2013, the Economic chamber decreased by five members to a total of 69.
Retail Supporters Program

In addition to the membership, FSC Australia welcomed five new Retail Supporters in 2013. Organisations that retail or distribute FSC certified products to final end users of the products are eligible to apply to become a Retail Supporter of FSC Australia.

Retail supporters must have a commitment to FSC and its values of openness, transparency and responsible use of the world’s resources. Retail supporters must also commit to using the FSC Trademarks only with permission in accordance with the Trademark standard FSC STD 50-002.

Certification

In 2013, three new Forest Management certificates were issued to PF Olsen, Timberlands Pacific and WA Plantation Resources, which resulted in an increase of almost 155,000 hectares of FSC certified forest in Australia. However, at the close of 2013, Australian Bluegum Plantations’ Forest Management certificate was suspended, which resulted in a net increase of only 30,56 hectares of FSC certified forests in Australia overall.

In February 2013, PF Olsen (Australia) was issued a certificate for 21,040 hectares across the Green Triangle region, Gippsland, Albany, and Bunbury, with an additional 83 hectares in South East Queensland certified under a SLIMF (Small and Low Intensity Managed Forest) certificate in July under the Forest Smart brand. PF Olsen are a group scheme forest manager, who have run a successful group scheme in New Zealand since 2002.

In December, Timberlands Pacific was successful in achieving Forest Management certification for two estates, totalling 96,859 hectares of forest. These estates are located in Northern Tasmania and in the Green Triangle region, and the certificate covers species of Eucalyptus and Pine.

Also in December, WA Plantation Resources (WAPRES) was issued a Forest Management certificate for 36,863 hectares of Bluegum and Gullygum in the South West region of Western Australia.
Following the announcement in 2011 that Elders Forestry's would undertake a staged exit from the forestry sector, there has been a continued decrease in the number of hectares managed by Elders Forestry.

At the close of 2013, there were fourteen forest management certificates in Australia representing a total certified area of 878,945 hectares, which is an increase of 30.50 hectares from 2012.
The net growth of Chain of Custody certificates in 2013 was nine, which resulted in a 3% increase year on year.

There are now a total of eight Certification bodies accredited to operate in Australia, details can be found at [http://au.fsc.org/fsc-accredited-certification-bodies.228.htm](http://au.fsc.org/fsc-accredited-certification-bodies.228.htm)

**Marketing, Training and Events**

This year, FSC Australia’s focus has been on fundraising efforts, and increasing the presence and profile of Australia as an important partner in global discussions. As a result, FSC Australia hosted visits from FSC International guests Director General Kim Carstensen, and Global Network Director Gemma Boekekees, both of whom addressed the FSC Australia Board of Directors. In addition we welcomed Vanessa Linforth, Social Policy Manager to assist with our Knowledge Tree Series held at the end of the calendar year.

**Motion 8 Steering Group and Implementation team**

FSC Australia CEO Natalie Reynolds was nominated to represent the Asia Pacific Region on the Motion 8 steering group. This is an important motion put forward at the last General Assembly, to conduct a strategic review of current and future capital and operational needs across the FSC global network. The review includes elements related to decentralisation, the role of Regional Offices and how to ensure overall good governance and accountability throughout the Network. As a regional representative, Natalie was required to engage with FSC Representatives in the region, and along with the other representatives, review and provide recommendations to the International Board of Directors about the best way forward.

**Natalie attended the following meetings relating to Motion 8:**

1. January – Amsterdam (3 days)
2. March – India (1 day)
3. May – Overnight Video Conference (3 days)
4. June – Frankfurt (1 day)
5. October – Copenhagen (3 days)
Regional network meeting
FSC Australia CEO travelled to India in March to attend the FSC Regional Network meeting, held in New Delhi. An update on the progress of Motion 8 and the FSC strategic plan development was presented at the FSC International Board meeting in India following the regional meeting.

AGM & International Generic Indicator Forum
Paul McNamara, Assistant Secretary of the Forestry Branch, Department of Agriculture, Fisheries and Forestry addressed FSC Australia's membership at the 2013 Annual General Meeting held on 29 May 2013.

Mr. McNamara, on behalf of Senator the Hon. Joe Ludwig MP, Minister for Agriculture, Fisheries and Forestry, reconfirmed the Federal Government's commitment to providing this milestone-based funding in the 2013-2014 financial year, and the development of the FSC Australian National Forestry Standard. "The Parliamentary Secretary for Agriculture, Fisheries and Forestry, Sid Sidebottom, has welcomed the recognition of the Australian Government's $500,000 funding to help develop the Forest Stewardship Council's National Standard for forest management."

A vote for a new Membership category was also held and passed. The new Membership category is 'Honorary Life Membership' and has a membership fee attached of $0.00. This membership category will be awarded to a maximum of one person per annum. Members in this category must have demonstrated at least ten years membership of FSC Australia and/or FSC International and provided a substantial volunteer commitment to FSC. The Board of FSC Australia must achieve absolute consensus in awarding an Honorary Life Membership.
Following the Annual General Meeting, FSC Australia Directors led chamber-based break-out groups to step through the first draft of the International Generic Indicators (IGIs) and receive comment and feedback on them to assist in formulating FSC Australia's submission to FSC International on behalf of the membership. It was important to also use this opportunity to ensure that members and stakeholders were familiar with the process to comment directly to FSC International on specific indicators.

A networking dinner was also held at The Mint, where Mr. McNamara spoke with members in attendance.

**Global Network Meeting**

In June, FSC Australia's CEO and Marketing and Membership Services Manager attended the Global Network Meeting in Frankfurt. This meeting was important to ensure that FSC Australia received up to date information about a number of key projects that will be introduced internationally over the coming period.

In addition, FSC Australia made important contributions and presented on key issues.

Some of the key international projects discussed included:

- **Motion 8 Implementation:** The FSC International Board approved the recommendations coming out of PWC and the Motion 8 steering group (which included Natalie Reynolds representing Asia Pacific). Recommendations included an overhaul of staffing, financing, governance, and operating structures to ensure that the whole of FSC is financed appropriately, particularly in key growth areas. A global implementation team was subsequently appointed (Natalie has continued as the AP representative) to operate as advisors to the Director General on the implementation of the recommendations.

- **Online Claims Platform:** This project is pivotal to ensuring the veracity of FSC, and will be released for training and beta testing by Certificate holders in March 2014. OCP digitally connects certified FSC suppliers and customers so that each can swiftly confirm claims for FSC-certified products as accurate. As products move down the supply chain, their FSC certification can be assured. This system will enhance the integrity of the FSC brand, providing valuable traceability to be used as part of due diligence processes for legality schemes across the world.

- **Marketplace:** This platform has received a complete rebuild, and will be launched in the near future. Marketplace is a portal where certificate holders can log in and advertise the FSC certified products that they sell, assisting in creating connections worldwide between demand and supply.

- **Trademark Taskforce:** Renee Andreacchio (Marketing and Member Services Manager) is one of five representatives on the Trademark Taskforce, and is working together with FSC International to seek to ensure consistency in Trademark approvals globally under the new TSP program, pursuant to FSC-STD-65-002, the standard for the promotional use of the Trademarks for non-certificate holders. The Taskforce is responsible for providing feedback on
international trademarks issues including International licensing, Legalities associated with trademarks enforcement, and streamlining the trademarks approval process to ensure consistency internationally.

- Policy Developments: There are a number of projects and consultations which are being worked on at an International level including:
  - IGIs
  - Controlled Wood Working Group
  - HCV protection/Intact forest landscapes
  - ForCES Project
  - Smallholders support fund
  - Controlled Wood global push to National Risk Assessments and move away from Company Risk Assessments that occurs in most countries
  - Indigenous engagement
  - PIPSC
  - And many others.

FSC Knowledge Tree Series
Following the appointment of the Deputy CEO – Policy, FSC’s Knowledge Tree sessions focussed on educating members and stakeholders about the International Generic Indicators, and the development of the FSC Australian National Forestry Standard.

FSC Australia introduced a new Knowledge Tree series in 2013, aimed at engaging with and educating stakeholders about how to feed into the various FSC processes and standards. These sessions were well received and were attended by around 250 people.

The topics covered included:
- Credible environmental standards and auditing systems in the International context
- FSC’s Governance, Structure, Membership & Purpose
- FSC and the market – driving change in forest management
- FSC’s global impacts – summary of independent research
- All about the Standards
- Processing & tracking of the forest fibre
- Promotion of the certified products
- Effective Stakeholder Engagement in FSC Certification Processes
- Influencing the nature & content of FSC’s standards Internationally and in Australia

Knowledge Tree sessions held in 2013:
<table>
<thead>
<tr>
<th>Hobart (TAS)</th>
<th>Tuesday 3 September</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launceston (TAS)</td>
<td>Thursday 5 September</td>
<td>Public</td>
</tr>
<tr>
<td>Bairnsdale (VIC)</td>
<td>Tuesday 10 September</td>
<td>Public</td>
</tr>
</tbody>
</table>

**FSC Friday**

FSC Friday is a global celebration of the world’s forests and aims to highlight the importance of responsible forest management. On FSC Friday (28 September 2013), people across the world were invited to consider the wood and paper products they buy, and look for the FSC logo as the mark of responsible forestry. FSC Friday is all about creating awareness of FSC and the role of responsible forest management.

In Australia and New Zealand, a number of FSC Friday events were held by supporters of FSC. The events included increasing customer awareness, food, footy and green theme costumes, games, announcements, and social media campaigns.

The FSC Australia team held its own FSC Friday event this year in the new office, which provided a great opportunity for interested people to come along and meet Natalie Reynolds, CEO and Daniel Mackey, Deputy CEO – Policy, along with the rest of the team. It was also a great chance for the public to see the work that went into creating the FSC Australia House, the edgy new chamber-based mural on the garage door and the FSC Certified products on display in the reception area from FSC Australia members and retail supporters.

**In Good Company event**

In October, the CEO attended the In Good Company conference, which was held around a Motion 8 meeting in Amsterdam. This was an opportunity to hear from leading companies and NGO’s including LEGO, Fairtrade, Marks & Spencer, WWF International, Ben & Jerry’s, Coca-Cola and Greenpeace. This conference brought together people from across the globe that are interested in FSC, CSR, and working with labelling schemes as part of their company brand. The conference was broadcasted and tweeted live, to give people opportunity to feed into the conference, and ask questions during sessions, no matter where they were.
FSC Australia Excellence Awards and Policy forum

A Policy forum was held 7 November to update members and stakeholders on a number of key issues. This Forum was significant as it occurred during an especially dynamic period for FSC’s standards and policy both here in Australia, and globally as well. The policy forum covered:

- **International Generic Indicators**: in preparation for the release of the second draft of the International Generic Indicators (IGIs), which will form the basis for all national and regional FSC Forest Management Standards in the future.

- **Update on The FSC Australian National Forestry Standard**: During October the Standards Development Group (SDG) was appointed. This group is tasked with guiding the process and developing the standard with input from members, stakeholders and experts.

- **Controlled Wood**: Currently undergoing a significant revision and draft changes were open for public consultation. Information was provided about the background behind the revision and the future direction of Controlled Wood, which will involve substantial efforts to strengthen the requirements.

- **The future of policy and standards at FSC Australia**: FSC Australia is in the early stages of building its capacity and strategy as a hub for FSC policy advice, interpretation and discussion, and took the opportunity to hear from stakeholders and members about what they would like to see from the organisation and what issues they would like to see better representation and discussion on in the future.

Following the Policy Forum, the Seventh Annual Excellence Awards was held at the Hilton on the Park. Tanya Ha, author and science journalist, joined the event again as the MC for the evening, and FSC International Director General Kim Carstensen returned to address the audience about developments over the previous twelve months.

A very successful Silent Auction was held, with over $2,000 raised from items donated by 22 companies. Proceeds will go toward supporting Policy and Standards Development in Australia.

FSC Australia received 22 nominations across seven awards categories. The 2013 award winners are:

- **FSC Forest Manager of the year**: Norske Skog
- **FSC Supplier of the year**: Kimberly-Clark Australia
- **FSC Print services Award**: Kosdown Printing
- **Innovation in Design Award**: Adelaide City Council
- **Retailer of the Year Award**: OfficeMax
- **Responsible Procurement Award**: K.W. Doggett Fine Printing
- **Constructive Engagement Award**: Pinnacle Quality

Train the Trainers Workshop and the Smallholders Program

Following the success of the Smallholders program in 2012, FSC Australia has continued to coordinate the delivery of training in Papua New Guinea, Laos, and Indonesia, with adapted training sessions planned for 2014 in New Zealand and Australia.
The Train the Trainers program is an initiative of FSC International aimed at increasing Smallholders Training and Capacity for FSC Certification in the region. FSC Australia attended the regional meeting for the project in November in Bangkok, to report back on the effectiveness of the project in our region.

Policies and Standards

Development of the FSC Australian National Forestry Standard
FSC Australia has embarked upon the development of the FSC Australian National Forestry Standard in line with the development of the International Generic Indicators, supporting the new FSC Principles & Criteria. The timing of the commencement of this process is integral to its success - in doing so, FSC Australia is in a position to feed into the international process and have a standard in place at the end of the creation of the International Generic Indicators, so that the unique conditions in Australia are contextualised, and the IGIs translate effectively to produce responsibly managed forests in Australia.

At the finalisation of the IGIs, the current interim standards created by the Certification Bodies and approved by FSC International will cease to operate.

"Australian forest managers need certainty in terms of the standard to which they can be certified, and that it is contextualised to Australian conditions to access the growing demand for FSC Certified timber in the Australian and International markets" CEO Natalie Reynolds said. "But that certainty and access to these markets needs to come, more than ever, with community engagement and a social and environmental license accompanying it. Creating our standard means that broad consensus can be reached as to what responsible forest management looks like, and importantly, drive change in the way forests are managed in Australia for the greater good".

In February, our CEO addressed the Tasmanian Legislative Council along with Jim Adams, (former Chair), and Sean Cadman, (former Chair), to provide accurate information about the FSC system.

On 30 April 2013, the Tasmanian Parliament passed the Tasmanian Forests Agreement legislation, and subsequently, on 2 May, the Tasmanian Forest Intergovernmental Agreement was signed by the Honorable Julia Gillard MP, Prime Minister of the Commonwealth of Australia, and The Honourable Lara Giddings MP, Premier of the State of Tasmania.

"The reference to FSC in this agreement demonstrates the prominence of FSC as a durability solution", said Natalie Reynolds, Chief Executive of FSC Australia.

On 15 May 2013, the Federal Government announced funding for FSC Australia to develop its FSC Australian National Forestry Standard in the federal budget. This grant enabled FSC Australia to recruit staff to manage this process, recruit the Standards Development Group and Experts Working Group/Panel to participate in the International Generic Indicator process, and develop the standard concurrently.
In August, after an extensive recruitment process, Daniel Mackey was appointed as the Deputy CEO – Policy, a crucial role responsible for running the standards development process, managing stakeholder involvement and ensuring that submissions are coordinated to FSC International on the many policy issues that arise.

Following a thorough selection process, the Standards Development Group (SDG) was appointed in October 2013.

The SDG has two key functions in the development of FSC Australia policies and standards:
1. Come to a broad consensus position on behalf of the Australian membership on an FSC Australian National Forestry Standard (FSC ANFS) to be created pursuant to FSCSTD 60-006 and
2. Identify areas of consensus and concern in the International Generic Indicators for the revised FSC Principles and Criteria (FSC-STD-01-001 Version 5) to assist input from the FSC Australia Membership.

The make up of the group as elected by the membership is as follows:

**Social:**
1. Aidan Flanagan - Institute of Foresters Australia
2. Tim Anderson - Regional Forest Communities (Individual Member)
3. Travis Wacey - Union Movement (Individual Member)

**Environmental:**
1. Warrick Jordan - The Wilderness Society
2. Paul Winn - Hunter Community Environment Centre
3. David Blair - Ecologist (Individual Member)

**Economic:**
1. Suzette Weeding - Forestry Tasmania
2. Amanda Naismith - New Forests Asset Management
3. Peter Grist - Australian Forest Products Association

The chamber-balanced SDG is responsible for the content and drafting of the FSC ANFS. The FSC Australia Board and FSC International Policy & Standards Unit will provide oversight on all phases of both processes until final approval by the FSC Australia Board of Directors and FSC International.

**Indigenous Engagement Project**
In March, Environment Land Heritage was appointed to create a database of indigenous communities interested in forests, and to list their interests, and provide recommendations to FSC Australia about engaging with communities throughout the Standards Development process. This work has been accepted by the FSC Australia Board and will be used as a basis to drive indigenous community engagement in FSC in Australia.
High Conservation Values Evaluation Framework
After more than three years of considerable consultation and development, the developed framework revised by the multi-chamber Policy and Standards Committee of FSC Australia was approved by FSC International in March.

The High Conservation Values Evaluation Framework came into effect for all new Certificate holders required to perform Controlled Wood assessments from 1 May 2013, with existing Certificate Holders having a 12 month phase-in period.

The framework supports the implementation of Annex 3 of the FSC Controlled Wood Standards, and is mandatory in the context of Controlled Wood, and is considered interim guidance (although not mandatory) for Forest Management certificates.

FSC Australia also produced a fact sheet to clarify the purpose of Controlled Wood, and how this HCV framework relates to Controlled Wood in Australia.

Administration, Staff and Premises

In anticipation of expanded staffing and meeting space requirements, FSC Australia relocated its premises to 96-104 Dryburgh Street, North Melbourne in March, after spending two weeks renovating, painting and constructing FSC Australia House. A number of supporters and businesses provided goods and services at no cost or below cost prices, and their assistance was greatly appreciated.

With the new premises came a great opportunity to showcase FSC Australia members and retail supporters, and FSC certified products can now be found in the reception area of the office.
Move of Financial Management in-house
Prior to 2013, FSC Australia’s accounting and finance functions were handled externally. With the size and scale of the organisation growing, the decision was made to move these functions in-house so that greater control and visibility was available to staff and directors. This project took approximately four months to complete, and as a result, FSC Australia has now achieved cost savings in this area, while achieving greater immediacy and visibility in all aspects of our financial management.

Staffing update
Chief Executive Officer – Natalie Reynolds
Natalie oversees the FSC Australia organisation, as CEO and also as Company Secretary. Natalie’s accountabilities include Governance, Financial, Legal, and Management of the organisation, as well as responsibility for media, government, corporate and philanthropic relations, Membership and Stakeholder management and international relations. Natalie’s international commitments include appointment to the Motion 8 Steering Group and Implementation team.
Marketing and Membership Services Manager - Renee Andreacchio

Renee remains part-time as the Marketing and Member Services Manager, and is responsible for managing the office administration including administration of international and domestic membership programs, IT and webpage development, reporting, budgeting and secretarial assistance, and is responsible for the day-to-day management of the finance, trademarks and administration functions. Renee’s international commitments include appointment to the International Trademarks Taskforce.

Administration Trainee – Charlee Foster

Charlee has continued to provide administrative assistance to the organisation, and completed her Certificate III in Business traineeship in August, and continued on to commence her Certificate IV. Charlee’s responsibilities include ensuring the smooth day-to-day running of the office, handling enquiries, maintaining the webpage, and providing administrative support in all areas including coordination of events, social media and other administrative duties.

Trademarks Officer – Madeleine Alafaci

In May, Madeleine joined the FSC Australia team as a casual Trademarks Officer, 10 hours per week. Madeleine was responsible for administering the trademark services program in line with the requirements of the standard, dealing with trademark misuse and infringement and education of non-certificate holders about permissible use of FSC trademarks.

Accounts Officer – Belinda Marino

Belinda commenced with FSC Australia in June (8 hours per week), to assist with the initial transition of the accounts in-house, maintenance of MYOB records, accounts receivable, accounts payable, payroll and banking, reconciliations, and preparation of financial reports and returns.

Deputy CEO – Policy – Daniel Mackey

In August, after a very thorough recruitment process, the multi-chamber selection panel and the Board of FSC Australia unanimously decided to appoint Daniel Mackey to the role.

Daniel has spent the last five years working with Fairtrade Australia & New Zealand managing stakeholder engagement, building up their scheme and running policy initiatives. In doing so, he is familiar with the work of ISEAL and how that relates to FSC, the role and processes of Accreditation Services International, the role of the organisation in gathering stakeholder input and achieving a consensus position to the International body. He comes with a strong understanding, and belief in the role that voluntary standards schemes like Fairtrade and FSC can play in balancing the interests of diverse stakeholders in responding to the environmental, social and market challenges facing industries and communities.

The Deputy CEO – Policy is responsible for leading FSC standards development and policy formulation in Australia and interacting with Australian experts and stakeholders, FSC International and other FSC Organisations internationally. Beyond standards development and the International Generic Indicator process, this role is also responsible for developing and managing policy initiatives relevant to FSC in Australia.
Webpage Development
FSC Australia's new website was launched by FSC International in March. FSC Australia recreated and integrated the existing website information onto this new site, to bring the format and displayed content in line with FSC International. This project has taken over twelve months to complete, and assists to provide a consistent feel between the FSC webpages across the globe, with the intention of providing easy and consistent access to information.
The new website address is http://au.fsc.org.

Finance
The 2013 Financial accounts show further carefully managed growth of the business, and reports a net surplus of $2,836.
5. OPERATING RESULTS

The surplus for the 2013 calendar year was $2,836. The Company is exempt from paying income tax.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial year, other than those referred to elsewhere in this report.

7. AFTER BALANCE DATE AFFAIRS

Discussions continue in regard to securing match funding for the FSC Australian National Forestry Standard, which may succeed in raising substantial revenue in the next financial year, but which will attract corresponding expenditure.

8. FUTURE DEVELOPMENTS

It is most probable that developments in operations of the Company and the expected results of those operations in future financial years will follow the current pattern.

9. DIVIDEND PAYMENTS

The Company is a company limited by guarantee incorporated and domiciled in Australia. It does not have share capital. The directors of the Company are precluded by the Company’s Constitution from recommending the payment of any dividend.

10. AUDITOR’S INDEPENDENCE DECLARATION

The independent audit report of the auditor for the year ended 31 December 2013 is attached.

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

Patrick Charles Greenhout
Director

Dated this 15 April 2014
APPENDIX 1  DIRECTORS’ PARTICULARS

ADAMS, Martin James

Qualifications: Diploma of Forest Science - Creswick

Experience: 25 years of experience working in the forestry sector including in public and private ownership, native and plantation forests, softwood and hardwood forests as well as in the MIS sector. Having successfully run his own company in forests sector for a period, Jim also has experience in business, as well as extensive community credentials, having served in local government including in the capacity of Mayor. He is currently the CEO of Timber Communities Australia Limited where he is able to bring together his understanding of the forests sector with his deep commitment to community.

Responsibilities: Social Chamber Member
January - July Director
January - April Member of the Business and Finance sub-committee
Chairman of the Board of Directors

FEGENT-MCGEACHIE, Jacqueline

Qualifications: Masters of Sustainability, Public Policy and Governance at Sydney University (completing)
Graduate Diploma in Social Impact (University of NSW)
Bachelor of Communications (Public Relations and Organisational Communications)

Experience: 2011 - present: Sustainability and Social Responsibility Manager at Kimberly-Clark Australia and New Zealand
2010 - 2011: Sustainability Strategist, Ogilvy Earth
2006 - 2010: Practice Director of Responsible Brands, Ogilvy
2001 - 2006: Consultant

Responsibilities: Economic Chamber Member
Director
Member of the Membership sub-committee
Member of the Indigenous Engagement sub-committee

Alternate Director: Scott Whicker.
FELTON-TAYLOR, James

Qualifications: Bachelor of Environmental Science (University of Newcastle)

Experience: Director of Australian Sustainable Timbers Pty Ltd est. 2006
First FSC Forest Management certificate in Native Forest in Australia in 2007
Founding member of FSC Australia.

Responsibilities:
January - April
Economic Chamber Member
Director
Member of the Policy and Standards sub-committee

FIENBERG, Linda

Qualifications: Master of Design, UTS; Bachelor of Arts, University of Sydney;
2-year full-time Fine Woodwork course at the Sturt School for Wood, Mittagong, Carpentry and Joinery Trade Certificate.

Experience: Carpenter, furniture designer/maker, and for the last 15 years.
Technical officer and Design tutor at the University of Sydney and UTS. Team Leader with Healthabitat, working on housing in indigenous communities. Previously on the Committee of the Society for Responsible Design (7 years).

Responsibilities:
January – April
Social Chamber Member
Director
Chair of Indigenous Engagement sub-committee
Member of the Membership sub-committee
Member of the Policy and Standards sub-committee
Chair of the Membership sub-committee
GROENHOUT, Patrick

Qualifications: BSC (Forestry)(Hons), Australian National University; Grad Dip Resource Economics, University of New England

Experience: Pat is a forest industry executive with 22 years experience in sustainable management of native and plantation forests throughout Australia, in both the public and private sectors. Prior to joining the PF Olsen Group to run the Australian company, Pat held senior operational and executive positions in commercial forestry organisations in New South Wales and Victoria and has extensive networks throughout the Australian forest industries.

Pat’s specific areas of expertise include:
- Timber resource, market and financial analysis.
- Forest management regulation, certification and quality systems.
- Forest management planning.
- Management of forestry projects in complex and conflicted stakeholder environments.
- Australian forest policy.

Responsibilities:
May - Current Economic Chamber Member
Director

December - Current Member of the Policy and Standards Sub-Committee

November - Current Member of the Business and Finance sub-committee

Chairman of the Board of Directors

JORDAN, Warrick

Qualifications: Tertiary qualifications in geography, journalism, and social impact assessment.

Experience: Involvement in various volunteer and paid roles in the conservation movement since 2001, involving Board experience with organisations such as Environment Tasmania and Lock the Gate. Particular focus on forest conservation issues in Tasmania, Victoria and NSW, and has worked as The Wilderness Society’s national forest campaigner since 2011.

Responsibilities:
January - September Environment Chamber member

Director

Chair of the Membership sub-committee

Member of the Indigenous Engagement sub-committee
LA NAUZE, Jonathan

Qualifications: Bachelor of Arts (University of Melbourne), Associate Diploma of Music (Performance) (Australian Musical Examinations Board)
Graduate Certificate of Business (Queensland University of Technology)


Responsibilities: Environment Chamber Member
Director
Member of the Business and Finance sub-committee
Member of the Indigenous Engagement sub-committee
January - November Chair of the Business & Finance sub-committee
August - September Chairman of the Board of Directors
May - Current Deputy Chairman of the Board of Directors

Alternate Director: Lindsay Hesketh

PEACHEY, Kevin

Qualifications: Bachelor of Science (Forestry) (ANU)

Experience: Executive Officer for the National Timber Councils Australia (2012 - Current)
Executive Officer for Timber Towns Victoria (2012 - Current)
Coordinator for Council Alliance for a Sustainable Built Environment (2012 - Current)
Program Manager for Municipal Association of Victoria's Planning Improvement Program (2013 – Current)

Responsibilities: Social Chamber Member
December - Current Director
Member of the Business and Finance sub-committee
PRICE, Anthony

Qualifications: Bachelor of Science (Forestry) (ANU) and Post Graduate Diploma in Business Management

Experience: 25 years experience in the forest industry in a range of senior positions. Extensive experience in forest management, harvesting and marketing. Managing Director of Australian Bluegum Plantations since December 2009. Have had numerous Directorships in the past, including Director and Vice President of NAFI

Responsibilities: Economic Chamber Member
January - September Director
May - July Member of the Business and Finance sub-committee
Alternate Director: Carl Richards

RUSSELL, Susan

Experience: Office bearer on North Coast Environment Council since 1999, Regional Coordinator for the North East Forest Alliance since 1996. Formerly held positions on the NSW Government's Forest Advisory Council and Natural Resource Advisory Council. Holds Director position in several other companies.

Responsibilities: Environment Chamber Member
Director
Member of the Indigenous Engagement sub-committee
Chair of the Policy and Standards sub-committee

SCHIRMER, Jacki

Qualifications: Bachelor of Economics, Bachelor of Science (Forestry) (Hons), PhD (all from the Australian National University)

Experience: Jacki has been conducting research into socio-economic dimensions of the forest and wood products industries since 1999. Her work has focused on understanding how change in the industries affects those who work in the industry, and the communities that depend on the industry; and on community engagement and conflict resolution approaches.

Responsibilities: Social Chamber Member
Director
Member of the Membership Committee
Qualifications: Bachelor of Architecture (honours) RMIT (1997) 
PhD, RMIT (2012)

Experience: Dr Chris Taylor is a research fellow at the Global Change Institute at the University of Queensland, and an honorary research fellow at the Melbourne Sustainable Society Institute at the University of Melbourne. Chris has been involved with the FSC since 2003 and is a founding member. He has expertise in the development and interpretation of standards used under forest certification systems, which was the topic of his PhD dissertation. This expertise is enhanced in his previous role as an auditor assessing against the FSC Chain of Custody standards and his involvement with dispute resolution processes under that standard. Chris played a critical role in the establishment of the FSC Australia Controlled Wood Risk Assessment process and continues to work in this area, particularly with rural stakeholders. His most recent research interests include enhancing the resilience of rural communities and landscapes under various projected climate change scenarios.

Responsibilities: Social Chamber member 
Director 
Member of the Policy and Standards sub-committee
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD
ACN 120 667 870

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages iii to xii are in accordance with the Corporations Act 2001:
   (a) comply with Accounting standards and Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 31 December 2013 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.

[Signature]

Director

Pat Groenhout

Dated this 15 April 2014
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD

ACN 120 667 870

FINANCIAL STATEMENTS
&
AUDIT REPORT

YEAR ENDED 31ST DECEMBER 2013
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD
ACN 120 667 870

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages i to xii are in accordance with the Corporations Act 2001:
   (a) comply with Accounting standards and Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 31 December 2013 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.

[Signature]
Director

Pat Groenhout

Dated this 25 April 2014
# FINANCIAL STATEMENTS

**RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD**  
**ACN 120 667 870**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>4</td>
<td>490,078</td>
</tr>
<tr>
<td>Receivables &amp; Prepayments</td>
<td>5</td>
<td>127,912</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>617,990</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td>12,252</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>630,242</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>7</td>
<td>420,414</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td></td>
<td>420,414</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>420,414</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>209,828</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained surplus (accumulated deficit)</td>
<td>8</td>
<td>2,836</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>209,828</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
## INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Revenue from ordinary activities</td>
<td>551,158</td>
<td>467,429</td>
</tr>
<tr>
<td>3</td>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Administration expenses</td>
<td>(121,693)</td>
<td>(95,027)</td>
</tr>
<tr>
<td></td>
<td>Event Operations</td>
<td>(30,457)</td>
<td>(50,335)</td>
</tr>
<tr>
<td></td>
<td>Policy Development</td>
<td>(83,878)</td>
<td>(5,145)</td>
</tr>
<tr>
<td></td>
<td>Employee &amp; Contractors</td>
<td>(312,294)</td>
<td>(213,932)</td>
</tr>
<tr>
<td>8</td>
<td>Net surplus/(deficit) from ordinary activities</td>
<td>2,836</td>
<td>102,990</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD  
ACN 120 667 870  

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>$ Accumulated Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2012</td>
<td>104,001</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>102,990</td>
</tr>
<tr>
<td>Balance as at 31 December 2012</td>
<td>206,991</td>
</tr>
<tr>
<td>Surplus (Deficit) for the year</td>
<td>2,836</td>
</tr>
<tr>
<td>Balance as at 31 December 2013</td>
<td>209,828</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

<table>
<thead>
<tr>
<th>Cashflow From Operating Activities:</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts in the course of operations</td>
<td>814,121</td>
<td>463,193</td>
</tr>
<tr>
<td>Cash payments in the course of operations</td>
<td>(608,703)</td>
<td>(416,483)</td>
</tr>
<tr>
<td>Interest received</td>
<td>9,815</td>
<td>4,236</td>
</tr>
<tr>
<td>Net Cash provided by (used in) operating activities</td>
<td>215,233</td>
<td>50,946</td>
</tr>
</tbody>
</table>

| Cashflow From Investing Activities: |
|-----------------------------------|-------|-------|
| Net cash provided by (used in) investing activities | (748) | - |

| Cashflow From Financing Activities: |
|-----------------------------------|-------|-------|
| Net cash provided by (used in) financing activities | - | - |
| Net increase (decrease) in cash | 214,485 | 50,946 |
| Cash at the beginning of the financial year | 275,593 | 224,647 |
| Cash at the end of the financial year | 490,078 | 275,593 |

The accompanying notes form part of these financial statements
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD
ACN 120 667 870
NOTES TO AND FORMING PART OF THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash deposits with banks</td>
<td>490,078</td>
<td>275,593</td>
</tr>
<tr>
<td></td>
<td>490,078</td>
<td>275,593</td>
</tr>
</tbody>
</table>

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING SURPLUS FROM ORDINARY ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Surplus</td>
<td>2,836</td>
<td>102,990</td>
</tr>
<tr>
<td>Non cash - Depreciation</td>
<td>5,107</td>
<td>3,179</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in Receivables</td>
<td>(40,976)</td>
<td>23,813</td>
</tr>
<tr>
<td>Fixed Assets Purchased</td>
<td>8,794</td>
<td>(10,731)</td>
</tr>
<tr>
<td>Increase/(decrease) in Trade Creditors and Accruals</td>
<td>239,472</td>
<td>(68,305)</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM/(USED IN) OPERATIONS</strong></td>
<td><strong>215,233</strong></td>
<td><strong>50,946</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD
ACN 120 667 870

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE
The financial report is a general purpose financial report which has been
prepared in accordance with the Corporations Act 2001, Accounting
Standards and Interpretations, and complies with other requirements of the
law. Accounting Standards include Australian equivalents to International
Financial Reporting Standards ('A-IFRS').

The financial report covers Responsible Forest Management Australia Limited
as an individual entity. Responsible Forest Management Australia Limited is
a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on
historical costs and does not take into account changing money values or,
except where stated, current valuations of non-current assets. The following
is a summary of the material accounting policies adopted by the company in
the preparation of the financial report. The accounting policies have been
consistently applied, unless otherwise stated.

(a) Revenue Recognition
Revenue from the rendering of a service is recognised upon delivery of the
service to the customer.

Revenue from sponsorships and grants is recognised when the right to
receive a sponsorship or grant is established.

(b) Income Tax
The company is a non-profit entity and is exempt from income and payroll tax.
The company does collect and pay goods and services tax.

(c) Trade and Other Creditors
These amounts represent unpaid liabilities for services provided to the
company prior to the end of the financial year. The amounts are unsecured.

(d) Cash
For the purposes of the Cash Flow Statement, cash includes cash on hand
and in banks, deposits at call and money market investments which are
readily convertible into cash.
Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(e) Goods and Services Tax (GST)
Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

1(f) Critical Accounting Estimates and Judgements

The directors’ estimates and judgements incorporated into the financial report are based on historical results and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data from internal and external sources.

1(g) Trust liabilities and right of indemnity

The company acts as trustee of the Responsible Forest Management Australia Ltd Public Fund. The Public Fund was established during the 2007 year. Liabilities incurred as trustee on behalf of the Public Fund are not recognised in the financial report when it is not probable that the company will have to meet any of those trust liabilities from its own resources. When it is probable that the company will have to meet some trust liabilities, a liability for the Deficiency in Trust Right of Indemnity is brought to account. As at 31 December 2013, the Public Fund had no liabilities.
RESponsible forest management australia Ltd
Acn 120 667 870

Notes to the financial statements
for the year ended 31 december 2013

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Note 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>195,987</td>
<td>171,004</td>
</tr>
<tr>
<td>Entrance Fees</td>
<td>861</td>
<td>800</td>
</tr>
<tr>
<td>Event &amp; Sponsorship Income</td>
<td>29,588</td>
<td>30,601</td>
</tr>
<tr>
<td>Consulting, Licence &amp; Other Revenue</td>
<td>35,277</td>
<td>107,765</td>
</tr>
<tr>
<td>Donations &amp; Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- General</td>
<td>150,672</td>
<td>55,784</td>
</tr>
<tr>
<td>- Policy</td>
<td>85,233</td>
<td>47,777</td>
</tr>
<tr>
<td>- Event/Training</td>
<td>0</td>
<td>25,264</td>
</tr>
<tr>
<td>FSC AC Activities Compensation</td>
<td>29,145</td>
<td>24,198</td>
</tr>
<tr>
<td>Interest</td>
<td>9,815</td>
<td>4,236</td>
</tr>
<tr>
<td>Other Income</td>
<td>14,578</td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>551,156</td>
<td>467,429</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Note 3</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>33,699</td>
<td>20,094</td>
</tr>
<tr>
<td>Audit, Bookkeeping &amp; Accounting</td>
<td>1,236</td>
<td>15,025</td>
</tr>
<tr>
<td>Doubtful Debts</td>
<td>3,966</td>
<td>8,153</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,925</td>
<td>3,179</td>
</tr>
<tr>
<td>Advertising &amp; Promotion</td>
<td>18,590</td>
<td>3,769</td>
</tr>
<tr>
<td>Legal Fees &amp; Consultancy</td>
<td>1,800</td>
<td>450</td>
</tr>
<tr>
<td>Postage, Printing &amp; Stationary</td>
<td>4,204</td>
<td>2,928</td>
</tr>
<tr>
<td>Telephone &amp; Internet</td>
<td>3,134</td>
<td>2,586</td>
</tr>
<tr>
<td>Rent &amp; Outgoings</td>
<td>24,509</td>
<td>17,344</td>
</tr>
<tr>
<td>Computer Expenses</td>
<td>1,440</td>
<td>2,450</td>
</tr>
<tr>
<td>Meetings</td>
<td>10,218</td>
<td>8,549</td>
</tr>
<tr>
<td>Sundry</td>
<td>4,979</td>
<td>8,342</td>
</tr>
<tr>
<td>Website Design</td>
<td>369</td>
<td></td>
</tr>
<tr>
<td>Bank Fees</td>
<td>1,234</td>
<td>842</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,600</td>
<td>3,318</td>
</tr>
<tr>
<td>Publications and Graphics</td>
<td>5791</td>
<td>95,027</td>
</tr>
<tr>
<td></td>
<td>121,694</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Event Expenses</td>
<td>30,457</td>
<td>50,335</td>
</tr>
<tr>
<td>Policy Expenses</td>
<td>83,878</td>
<td>5,145</td>
</tr>
</tbody>
</table>
### Note 4  CASH ASSETS
Cash deposits with banks

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>2,836</td>
<td>2,836</td>
</tr>
<tr>
<td></td>
<td>490,078</td>
<td>490,078</td>
</tr>
</tbody>
</table>

### Note 5  RECEIVABLES – CURRENT
Other Debtors & Prepayments
Trade Debtors
Less: Provision for Doubtful Debts

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>9,199</td>
<td>11,137</td>
</tr>
<tr>
<td></td>
<td>122,713</td>
<td>85,951</td>
</tr>
<tr>
<td></td>
<td>122,713</td>
<td>79,799</td>
</tr>
<tr>
<td></td>
<td>131,912</td>
<td>90,936</td>
</tr>
</tbody>
</table>

### Note 6  NON CURRENT ASSETS
Office Furniture & Equipment – Written Down Value

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>12,252</td>
<td>8,565</td>
</tr>
</tbody>
</table>

### Note 7  PAYABLES – CURRENT
GST
Creditors and accruals
Income received in advance
Membership
Donations and Grants

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>16,644</td>
<td>16,644</td>
</tr>
<tr>
<td></td>
<td>42,822</td>
<td>33,829</td>
</tr>
<tr>
<td></td>
<td>360,946</td>
<td>132,937</td>
</tr>
<tr>
<td></td>
<td>420,414</td>
<td>168,102</td>
</tr>
</tbody>
</table>

### Note 8  MEMBERS’ GUARANTEE
The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute $2 each towards meeting any outstanding obligations of the company.

### Note 9  RETAINED EARNINGS
Retained surplus
at the beginning of financial period
Net operating surplus for period
Retained surplus

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>206,991</td>
<td>104,001</td>
</tr>
<tr>
<td></td>
<td>2836</td>
<td>102,990</td>
</tr>
<tr>
<td></td>
<td>209,828</td>
<td>206,991</td>
</tr>
</tbody>
</table>


To the members of the Forest Stewardship Council Australia

Scope

We have audited the financial report, being a special purpose financial report of the Forest Stewardship Council Australia for the year ended 31st December 2013. The Directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to members of the Forest Stewardship Council Australia.

The financial report has been prepared for the purpose of fulfilling the requirements of the Corporations Act 2001 and the reporting requirements in accordance with the constitution of the Forest Stewardship Council Australia. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination on a test basis of evidence supporting the accounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 so as to present a view which is consistent with our understanding of the Forest Stewardship Council Australia’s financial position and performance as represented by the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial report of Forest Stewardship Council Australia presents a true and fair view of the financial position of the Forest Stewardship Council Australia as at 31st December 2013 and the results of its operations for the year ended then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Dated…… 14 March 2014

Ray Andrews
Registered Company Auditor
11 Royton Street
Burwood East Vic 3151
Auditor's Independence Declaration

To the directors of Forest Stewardship Council Australia

Under section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31st December 2013 there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

Roy Andrews
Registered Company Auditor
11 Royton Street
East Burwood 3151

Dated: 14 March 2014