



South West Catchments Council (Inc)

Financial Statements

For the year ended
30 June 2016

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2016

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Statement by the Chairman and Chief Executive Officer

This special purpose financial report of the South West Catchments Council (Inc) being the Balance Sheet, Statement of Changes in Accumulated Funds, Statement of Income and Expenditure, Statement of Cash Flows together with supporting notes for the financial year ended 30 June 2016 are, in our opinion, properly drawn up in accordance with the Applicable Australian Accounting Standards to present fairly the financial position of the South West Catchments Council (Inc) at 30 June 2016 and the results of the operations for the financial year then ended.

Signed on the *9th* day of August 2016.



Mr David Gardner
Chairman



Mr Damien Postma
Chief Executive Officer

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE BOARD OF SOUTH WEST CATCHMENTS COUNCIL (INC)**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2016, there have been no contraventions of:

- i) The auditor independence requirements as set out in Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii) Any applicable code of professional conduct in relation to the audit.

AMD Chartered Accountants

A handwritten signature in black ink, appearing to read 'M Cavallo', with a stylized flourish underneath.

MARIA CAVALLO CA
Director

Bunbury, WA

Dated this 9th day of August 2016

INDEPENDENT AUDITOR'S REPORT TO SOUTH WEST CATCHMENTS COUNCIL (INC)

We have audited the accompanying financial report, being a special purpose financial report of South West Catchments Council (Inc) which comprises the Statement of Income and Expenditure, Balance Sheet, Statement of Changes in Accumulated Funds, Statement of Cash Flows, Notes to the Financial Statement, and the Statement by the Chairman and Chief Executive Officer for the year ended 30 June 2016.

Board's Responsibility for the Financial Report

The Board are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 is appropriate to meet the need of its members and the Australian Charities and Not-for-profits Commissions Act 2012. The Board's responsibilities also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion the financial report of South West Catchments Council (Inc) is in accordance with the *Australian Charities and Not-for-profits Commissions Act 2012*, including:

- a) Giving a true and fair view of the financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist South West Catchments Council (Inc) to meet the need of its members and the Australian Charities and Not-for-profits Commissions Act 2012. As a result the financial report may not be suitable for another purpose.

AMD Chartered Accountants

A handwritten signature in black ink, appearing to read 'M Cavallo', with a horizontal line drawn underneath the name.

MARIA CAVALLO
Director

Bunbury, Western Australia

Dated this 9th day of August 2016

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2016

Balance Sheet as at 30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash Assets	2	3,065,831	4,052,156
Receivables	3	99,982	34,574
Prepayments		22,141	9,139
Total Current Assets		<u>3,187,954</u>	<u>4,095,869</u>
Non Current Assets			
Plant and equipment	4	315,054	188,775
Total Non Current Assets		<u>315,054</u>	<u>188,775</u>
Total Assets		<u><u>3,503,008</u></u>	<u><u>4,284,644</u></u>
Current Liabilities			
Provisions	5 (i)	283,740	268,530
Payables	6	459,538	1,343,735
Unexpired grants/receipts	7	158,799	263,983
Total Current Liabilities		<u>902,077</u>	<u>1,876,248</u>
Non Current Liabilities			
Provisions	5(ii)	68,568	54,501
Total Non Current Liabilities		<u>68,568</u>	<u>54,501</u>
Total Liabilities		<u><u>970,645</u></u>	<u><u>1,930,749</u></u>
NET ASSETS		<u><u>2,532,363</u></u>	<u><u>2,353,895</u></u>
Equity			
Accumulated Funds		<u><u>2,532,363</u></u>	<u><u>2,353,895</u></u>

This Balance Sheet is to be read in conjunction with the relevant notes that accompany these statements

Statement of Changes in Accumulated Funds for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Accumulated funds balance at the commencement of the year		2,353,895	2,135,885
Gross surplus (deficit) from operations		356,095	481,993
Transfers out to unexpended grants	7	(177,628)	(263,983)
Accumulated funds balance at the conclusion of the year		2,532,363	2,353,895

This Statement of Changes in Accumulated Funds is to be read in conjunction with the relevant notes that accompany these statements

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2016

**Statement of Income and Expenditure
for the year ended 30 June 2016**

	Note	2016 \$	2015 \$
Income			
Australian Government regional funding		3,754,943	4,818,168
Australian Government competitive funding		-	339,233
WA State Government Feral Pig Management		-	352,111
Interest		95,439	109,280
Funding from other sources	9	674,760	250,324
Surplus from asset disposal		89,068	11,700
Transfer unexpired balance previous year		263,983	1,210,499
Total Income		4,878,193	7,091,315
Expenditure			
Salaries		1,727,921	2,205,820
Salary overheads		174,742	204,479
Employment related expenses		53,686	44,303
Consultants and contractors		645,456	704,990
Council fees and expenses		41,591	31,056
Motor vehicle expenses		104,600	127,818
General operating expenses		221,371	310,079
Administrative expenses		212,318	241,125
Project Expenses		148,335	191,997
Project grant payments		1,192,078	2,547,655
Total Expenditure		4,522,098	6,609,322
Surplus before transfers		356,095	481,993
Transfer to/(from) unexpended grants	7	(177,628)	(263,983)
Net surplus to accumulated funds		178,467	218,010

This Statement of Income and Expenditure is to be read in conjunction with the relevant notes that accompany these statements

Statement of Cash Flows for the year ended 30 June 2016

	Note	2016 \$	2015 \$
<u>Cash Flows from Operating Activities</u>			
Receipts from:			
State and Australian Government funding		4,334,497	5,784,064
Interest		95,438	109,280
Sundry Receipts		386,983	579,990
		<u>4,816,918</u>	<u>6,473,334</u>
Payments to:			
Staff employment expenses		(1,864,561)	(2,364,741)
Grants and subsidies		(1,419,052)	(2,384,252)
Supplies and services		(2,391,697)	(1,933,574)
		<u>(5,675,310)</u>	<u>(6,682,567)</u>
Net cash used in operating activities	8	<u>(858,392)</u>	<u>(209,233)</u>
<u>Cash Flows from Investing Activities</u>			
Proceeds from sale of non-current physical assets		167,682	34,429
Purchase of non-current physical assets		(295,615)	(58,384)
Net cash used in investing activities		<u>(127,933)</u>	<u>(23,955)</u>
<u>Cash Flows from Financing Activities</u>			
Net decrease in cash held		(986,325)	(233,188)
Cash assets at the beginning of the year		4,052,156	4,285,344
Cash Assets at the end of the year	2	<u>3,065,831</u>	<u>4,052,156</u>

This Statement of Cash Flows is to be read in conjunction with the relevant notes that accompany these statements

Notes to the Financial Statements for the year ended 30 June 2016

NOTE 1

Significant Accounting Policies

This financial report is a special purpose financial report prepared to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commissions Act 2012. The Council has determined that the South West Catchments Council (Inc) is not a reporting entity.

No other applicable Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, the current valuation of non-current assets.

The following material accounting policies, which are consistent with the previous period, unless otherwise stated, have been adopted in the preparation of this financial report.

Grants and Other Contributions Revenue

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Council obtains control over the assets comprising the contributions. Control, except where stated otherwise, is obtained upon their receipt.

As at 30 June year end, grant funds received by the Council which have not been expended, are recognised as a current liability. These funds are then transferred and recognised in the Statement of Income and Expenditure, the following year.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Grants Acquitted

For the purpose of acquitting grants provided by funding bodies, the Association has adopted the following policies:

Grant Income is acquitted after allowing for the following costs;

- Costs including labour and on costs directly associated with a specific grant; and
- Administration and other related overhead costs (after excluding costs which are abnormal both in nature and value and therefore not representative of an appropriate level of costs that would be expected to be incurred) not related to a specific grant are allocated over the relevant grants, based on a proportion of the level of each grant and related income compared to total income.

Representations of management and internal documentation are used in determining to which grants a cost may be directly or indirectly attributed.

Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets with a cost less than \$5,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on the straight line basis using rates which are based on the expected useful lives for each class of depreciable asset. At 30 June 2016 these were:

Plant and equipment	10 to 15 years
Office equipment	5 years
Electronic Equipment	2 to 3 years
Information Technology including Software	2 to 3 years
Motor vehicles	5 years

Where the value of an asset purchase is less than \$5,000 it is expensed. This is in accord with the definition of an asset as provided by the Australian Government.

Leases

The only leases currently operated through the Council are leases for the purpose of the use of office space.

Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets net of outstanding bank overdrafts. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

Investments

Investments are brought to account at the lower of cost and recoverable amount.

Interest revenues have been recognised as they were received.

Web site costs

Costs in relation to web sites controlled by the Council have been charged as expenses in the period in which they are incurred.

Payables

Payables, including accruals not yet billed, are recognised when the Council becomes obliged to make future payments as a result of a purchase of assets or services, or where there is a commitment for future services.

Employee benefits

(i) Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the current remuneration rate, applicable to each employee.

(ii) Long service leave

Leave benefits are calculated at current remuneration rates and based on the accrued liability to the reporting date. A liability for long service leave has been recognised from the commencement date of each employee based on the need to recognise the contribution to this future expense, from funding received. An actuarial assessment of long service leave has not been undertaken.

Long service leave is 13 weeks after 7 years of service, pro rata after 4 years of service.

The liability for employees who have reached 4 years of service or greater is classified as current.

It is considered that this treatment of the liability for long service leave provides a conservative provision where future funding levels are uncertain.

(iii) Superannuation

The Council contributes to superannuation funds of the employee's choice in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All these funds comply with the legislation applying to administration of superannuation and retirement benefit arrangements, specifically with regard to the preservation of employer contributions and the portability of funds to alternate providers.

Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

Rounding of amounts

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

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2016

	2016	2015
	\$	\$
NOTE 2		
Cash Assets		
Cash at Bank - Trading Accounts	568,901	1,625,777
Cash on Hand	1,400	1,400
Term Deposit Accounts	2,495,530	2,424,979
	<u>3,065,831</u>	<u>4,052,156</u>
NOTE 3		
Receivables		
Receivable from debtors	-	27,614
Premises and supplier bonds	6,780	6,960
Australian Taxation Office	93,202	-
	<u>99,982</u>	<u>34,574</u>
NOTE 4		
Plant and Equipment		
Furniture and Fittings (opening balance)	27,238	27,238
Less: Opening Depreciation	<u>(27,238)</u>	<u>(27,238)</u>
	-	-
Electronic Equipment (opening balance)	246,527	188,144
Electronic Equipment purchased	-	58,384
Less: Opening Depreciation	(187,311)	(178,507)
Less: Current Year Depreciation	<u>(23,620)</u>	<u>(8,804)</u>
	35,596	59,217
Motor Vehicles (opening balance)	352,817	409,281
Motor Vehicles purchased	296,933	
Less: Motor Vehicles sold	(324,241)	(56,464)
Less: Opening Depreciation	(223,258)	(177,953)
Plus: Depreciation for Motor Vehicles sold	244,309	33,735
Less: Current Year Depreciation	<u>(67,102)</u>	<u>(79,041)</u>
	279,458	129,558
Total Property, Plant and Equipment	<u>315,054</u>	<u>188,775</u>
NOTE 5		
Provisions		
Provision for Annual Leave (current)	111,962	110,440
Provision for Long Service Leave (current)	171,778	158,090
Current provisions (i)	<u>283,740</u>	<u>268,530</u>
Non current Long Service Leave (ii)	<u>68,568</u>	<u>54,501</u>

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	2016 \$	2015 \$
NOTE 6		
Payables		
Funds held in trust - Soils Conference	-	12,000
Funds held in trust - Home River Ocean promotion	-	11,653
Accounts outstanding	304,512	538,530
Australian Taxation Office	-	95,199
Accrued expenses	114,678	666,463
Funds repayable to funders	18,829	-
Superannuation payable	16,176	19,890
Employee clearing accounts	1,019	-
Expenses Recouped	4,324	-
	459,538	1,343,735
NOTE 7		
Unexpended Grants		
Balance at the commencement of the year	263,983	1,210,499
Transferred to income statement	(263,983)	(1,210,499)
Transferred from income statement	158,799	263,983
Funds Repayable to funders	18,829	-
Balance at the conclusion of the year	177,628	263,983
NOTE 8		
Reconciliation of net cash used in operating activities to income and expenditure:		
Net surplus	319,085	218,010
Non - cash flows in profit		
- Depreciation	90,722	87,845
- Net gain on disposal of assets	(89,068)	(11,700)
<u>(Increase) decrease in assets</u>		
Receivables (excluding proceeds for assets sale)	27,794	6,355
Prepayments and bonds	(13,002)	642
<u>Increase (decrease) in liabilities</u>		
Accounts payable	(996,225)	505,478
Salary provisions	29,279	(69,347)
Unexpired grants and receipts	(226,977)	(946,516)
Net cash used in operating activities	(858,392)	(209,233)

South West Catchments Council (Inc)
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	2016	2015
	\$	\$
NOTE 9		
Funding from other sources		
Funding from Dairy Industry for employment and hosting of the Dairy Industry Development Team	551,760	150,741
Awareness Raising on Carbon Farming Issues - Rangeland NRM funding	22,500	22,500
Funding obtained from City of Bunbury in support of Improving the connectivity of the proposed Preston River to Ocean Regional Park competitive Project	72,083	72,083
Lotterywest, sponsorship Home River Ocean	28,994	5,000
Sundry receipt - amounts < \$2,500	(577)	-
	<u>674,760</u>	<u>250,324</u>

NOTE 10

Economic Dependency

The ongoing operations of South West Catchments Council (Inc) are dependent upon the continued financial support by way of grants from the Australian Government and the Western Australian Government, together with various other funding and sponsorships received from other organisations.

Base regional funding with the Australian Government has been secured to 30 June 2018 under executed funding agreements.

NOTE 11
Lease

Bunbury:

Licence to Occupy in Department of Agriculture and Food office (DAFWA) 1 Verschuer Place, Bunbury 6230.

Lease commencing 1 January 2016 to 31 December 2016.

Annual rent payable of \$33,840(inc. GST), and a share of outgoings of \$12,457(inc. GST) per annum.

Storage at Vasse Research Centre with annual charge of \$3,000(inc. GST) (Western Dairy expense). South West Catchments Council (Inc) are charged quarterly.

Dunsborough:

Private lease via JMW Real Estate, Dunsborough for Unit 15, The Dunn Bay Centre, 31 Dunn Bay Road, Dunsborough, 6281.

Lease commenced 1 December 2015 to 1 July 2018 with an option to extend for a further 24 months on expiry of initial lease.

Annual rent payable of \$21,000(exc. GST). South West Catchment Council (Inc) are charged monthly.

Narrogin

License to Occupy in Department of Agriculture and Food office, 10 Doney Street, Narrogin, 6312 expired 30 June 2016 – awaiting renewal from DAFWA.

Annual rent payable of \$2,464(inc. GST), and share of outgoings of \$6,060(inc. GST) per annum. South West Catchments Council (Inc) pay one annual payment.