



South West Catchments Council (Inc)

Financial Statements

For the year ended
30 June 2015

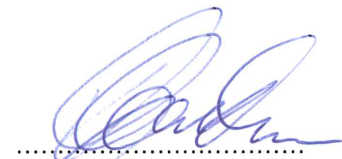
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Statement by the Chairman and Chief Executive Officer

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 2015 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 2015 and the results of the operations for the financial year then ended.

Signed on the day of August 2015.


.....
Mr David Gardner
Chairman
.....
Mr Damien Postma
Chief Executive Officer

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOUTH WEST CATCHMENT COUNCIL (INC)**

We have audited the accompanying financial report, being a special purpose financial report, of South West Catchments Council (Inc), which comprises the balance sheet as at 30 June 2015, the statement of income and expenditure for the year then ended, the statement of changes in accumulated funds, statement of cash flows and notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Chairman and the Chief Executive Officer.

Board's Responsibility for the Financial Report

The Board of South West Catchment Council (Inc) is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Associations Incorporation Act (Western Australia) 1987 and is appropriate to meet the needs of the members. 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.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial report presents fairly, in all material respects the financial position of South West Catchments Council (Inc) as at 30 June 2015 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the Associations Incorporation Act (Western Australia) 1987.

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 requirements of the Associations Incorporation Act (Western Australia) 1987. 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 stylized flourish underneath.

MARIA CAVALLO

Partner

Bunbury, Western Australia

Dated this 6th day of August 2015

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2015

Balance Sheet as at 30 June 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash Assets	2	4,052,156	4,285,344
Receivables	3	34,574	40,929
Prepayments		9,139	9,781
Total Current Assets		<u>4,095,869</u>	<u>4,336,054</u>
Non Current Assets			
Plant property and equipment	4	188,775	240,965
Total Non Current Assets		<u>188,775</u>	<u>240,965</u>
Total Assets		<u>4,284,644</u>	<u>4,577,019</u>
Current Liabilities			
Provisions	5 (i)	268,530	291,938
Payables	6	1,343,735	838,257
Unexpired grants/receipts	7	263,983	1,210,499
Total Current Liabilities		<u>1,876,248</u>	<u>2,340,694</u>
Non Current Liabilities			
Provisions	5(ii)	54,501	100,440
Total Non Current Liabilities		<u>54,501</u>	<u>100,440</u>
Total Liabilities		<u>1,930,749</u>	<u>2,441,134</u>
NET ASSETS		<u>2,353,895</u>	<u>2,135,885</u>
Equity			
Accumulated Funds		<u>2,353,895</u>	<u>2,135,885</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 2015

	Note	2015 \$	2014 \$
Accumulated funds balance at the commencement of the year		2,135,885	1,865,857
Gross surplus (deficit) from operations		481,993	1,480,527
Transfers out to unexpended grants	7	(263,983)	(1,210,499)
Accumulated funds balance at the conclusion of the year		<u>2,353,895</u>	<u>2,135,885</u>

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

Statement of Income and Expenditure for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Income			
Australian Government regional funding		4,818,168	5,094,348
Australian Government competitive funding		339,233	652,592
WA State Government regional support		-	250,000
WA State Government Feral Pig Management		352,111	328,663
Interest		109,280	129,637
Funding from other sources	9	250,324	911,957
Surplus from asset disposal		11,700	4,611
Transfer unexpired balance previous year		1,210,499	219,226
Total Income		<u>7,091,315</u>	<u>7,591,034</u>
Expenditure			
Salaries		2,205,820	2,206,619
Salary overheads		204,479	202,655
Employment related expenses		44,303	70,482
Consultants and contractors		704,990	517,228
Council fees and expenses		31,056	27,912
Motor vehicle expenses		127,818	135,450
General operating expenses		310,079	199,721
Administrative expenses		241,125	217,043
Project Expenses		191,997	130,284
Project grant payments		2,547,655	2,403,113
Total Expenditure		<u>6,609,322</u>	<u>6,110,507</u>
Surplus (Deficit) before transfers		<u>481,993</u>	<u>1,480,527</u>
Transfer to/(from) unexpended grants	7	<u>263,983</u>	<u>1,210,499</u>
Net surplus to accumulated funds		<u>218,010</u>	<u>270,028</u>

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 2015

	Note	2015 \$	2014 \$
<u>Cash Flows from Operating Activities</u>			
Receipts from:			
State and Australian Government funding		5,784,064	6,575,586
Interest		109,280	129,637
GST received on funding and other receipts		579,990	668,953
Sundry receipts		-	-
		<u>6,473,334</u>	<u>7,374,176</u>
Payments to:			
Staff employment expenses		(2,364,741)	(2,442,312)
Grants and subsidies		(2,384,252)	(2,869,517)
Supplies and services		(1,326,032)	(1,267,499)
GST paid on purchases		(405,411)	(389,327)
GST (paid to) / received from ATO		(202,131)	(114,935)
		<u>(6,682,567)</u>	<u>(7,083,590)</u>
Net cash provided by (used in) operating activities	8	<u>(209,233)</u>	<u>290,586</u>
<u>Cash Flows from Investing Activities</u>			
Proceeds from sale of non-current physical assets		34,429	13,500
Purchase of non current physical assets	4	<u>(58,384)</u>	<u>(39,809)</u>
Net cash used in investing activities		<u>(23,955)</u>	<u>(26,309)</u>
<u>Cash Flows from Financing Activities</u>			
Net increase (decrease) in cash held		(233,188)	264,277
Cash assets at the beginning of the year		4,285,344	4,021,067
Cash Assets at the end of the year	2	<u>4,052,156</u>	<u>4,285,344</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 2015

NOTE 1

Significant Accounting Policies

This financial report is a special purpose financial report prepared to satisfy the financial reporting requirements of the Associations Incorporation Act 1987 (Western Australia). 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 state 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 2015 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

The rate of depreciation for motor vehicles has been amended in the current year to reflect a more realistic rate for the depreciation of motor vehicles. The rate used in previous statements was 4 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 plus leave loading and superannuation on costs, applicable to each employee.

(ii) Long service leave

Leave benefits are calculated at current remuneration rates excluding on costs 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 2015

	2015	2014
	\$	\$
NOTE 2		
Cash Assets		
Cash at Bank - Trading Accounts	1,625,777	2,432,616
Cash on Hand	1,400	1,400
Term Deposit Accounts	2,424,979	1,851,328
	<u>4,052,156</u>	<u>4,285,344</u>
NOTE 3		
Receivables		
Receivable from debtors	27,614	34,169
Premises and supplier bonds	6,960	6,760
	<u>34,574</u>	<u>40,929</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)	188,144	180,851
Electronic Equipment purchased	58,384	7,292
Less: Opening Depreciation	(178,507)	(173,942)
Less: Current Year Depreciation	<u>(8,804)</u>	<u>(4,565)</u>
	59,217	9,636
Motor Vehicles (opening balance)	409,281	399,681
Motor Vehicles purchased		32,517
Less: Motor Vehicles sold	(56,464)	(22,917)
Less: Opening Depreciation	(177,953)	(111,909)
Plus: Depreciation for Motor Vehicles sold	33,735	14,028
Less: Current Year Depreciation	<u>(79,041)</u>	<u>(80,071)</u>
	129,558	231,329
Total Property, Plant and Equipment	<u>188,775</u>	<u>240,965</u>
NOTE 5		
Provisions		
Provision for Annual Leave (current)	110,440	136,716
Provision for Long Service Leave (current)	158,090	155,222
Current provisions (i)	<u>268,530</u>	<u>291,938</u>
Non current Long Service Leave (ii)	<u>54,501</u>	<u>100,440</u>

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2015

	2015	2014
	\$	\$
NOTE 6		
Payables		
Funds held in trust - Soils Conference	12,000	-
Funds held in trust - Home River Ocean promotion	11,653	
Accounts outstanding	538,530	228,338
Australian Taxation Office	95,199	104,140
Accrued expenses *	666,463	482,675
Funds repayable to funders	-	-
Superannuation payable	19,890	17,324
Employee clearing accounts	-	5,780
	<u>1,343,735</u>	<u>838,257</u>

* Accrued expenses includes an amount of \$133,015 being salaries and related on-costs to 31 July 2015 (\$104,325 salary component, \$9,911 superannuation component at 9.5% and \$18,779 entitlement on-cost component at 18%). This amount reflects the commitment of South West Catchments Council to employment contracts, negotiated, and the requirement for staff to conclude reporting obligations with respect to projects concluding 30 June 2015.

NOTE 7

Unexpended Grants

Balance at the commencement of the year	1,210,499	219,226
Transferred to income statement	(1,210,499)	(219,226)
Transferred from income statement	263,983	1,210,499
Funds Repayable to funders	-	-
Balance at the conclusion of the year	<u>263,983</u>	<u>1,210,499</u>

NOTE 8

Reconciliation of net cash provided/used in operating activities to income and expenditure:

Net surplus	218,010	270,028
Non - cash flows in profit		
- Depreciation	87,845	84,636
- Net gain on disposal of assets	(11,700)	(4,611)

(Increase) decrease in assets

Receivables (excluding proceeds for assets sale)	6,355	164,355
Prepayments and bonds	642	(516)

Increase (decrease) in liabilities

Accounts payable	505,478	(1,276,125)
Salary provisions	(69,347)	61,546
Unexpired grants and receipts	(946,516)	991,273
Net cash provided by (used in) operating activities	<u>(209,233)</u>	<u>290,586</u>

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2015

NOTE 9	2015	2014
	\$	\$
Funding from other sources		
Amounts carried forward from previous periods	-	591,932
Funding from Dairy Industry for employment of the Dairy Industry Development Specialist	150,741	152,856
Awareness Raising on Carbon Farming Issues - Rangeland NRM funding	22,500	94,950
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
Water Corporation, sponsorship Home River Ocean	5,000	-
Sundry receipt - amounts < \$2,500	-	136
	<u>250,324</u>	<u>911,957</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