



South West Catchments Council (Inc)

Financial Statements

For the year ended
30 June 2017

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2017

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Statement by the Chair and Chief Executive Officer

The Board of South West Catchments Council Inc. declare that in the Board's opinion:

1. The financial statements and notes, as set out on pages 8 to 18, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with the accounting policies outlined within Note 1 to the financial statements; and
 - b. give a true and fair view of the financial position of South West Catchments Council Inc. as at 30 June 2017 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that South West Catchments Council Inc. will be able to pay its debts as and when they become due and payable.

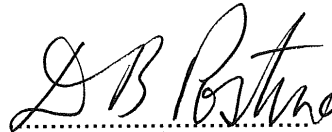
This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Mrs Christine Kershaw

Chair

Dated this 22 day of August 2017



Mr Damien Postma

Chief Executive Officer

Dated this 22 day of August 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOUTH WEST CATCHMENTS COUNCIL INC.**

Report on the Audit of the Financial Report

We have audited the financial report of South West Catchments Council Inc. which comprises the balance sheet as at 30 June 2017, the statement of changes in accumulated funds, the statement of income and expenditure and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the statement by the Chairman and Chief Executive Officer.

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

- i) giving a true and fair view, in all material aspects, of the financial position of South West Catchments Council Inc. as at 30 June 2017, and of its financial performance and its cash flows for the year then ended; and
- ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of South West Catchments Council Inc. in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter- Basis of Accounting

We draw attention to Note 1 to the financial report, 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 *Australian Charities and Not-for-profits Commissions Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commissions Act 2012* and the needs of the members. Management's responsibility also includes such internal control as determined necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management are responsible for assessing South West Catchment Council Inc.'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intend to liquidate the South West Catchments Council Inc. or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AMD Chartered Accountants



MARIA CAVALLO
Director

**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 2017, 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 17th day of August 2017

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2017

Balance Sheet as at 30 June 2017

	Note	2017	2016 \$
Current Assets			
Cash Assets	2	3,246,280	3,065,831
Receivables	3	319,569	99,982
Prepayments		30,860	22,141
Total Current Assets		<u>3,596,709</u>	<u>3,187,954</u>
Non Current Assets			
Plant property and equipment	4	235,496	315,054
Total Non Current Assets		<u>235,496</u>	<u>315,054</u>
Total Assets		<u>3,832,205</u>	<u>3,503,008</u>
Current Liabilities			
Provisions	5 (i)	281,729	283,740
Payables	6	432,924	459,538
Unexpired grants/receipts	7	425,742	158,799
Total Current Liabilities		<u>1,140,395</u>	<u>902,077</u>
Non Current Liabilities			
Provisions	5(ii)	68,733	68,568
Total Non Current Liabilities		<u>68,733</u>	<u>68,568</u>
Total Liabilities		<u>1,209,128</u>	<u>970,645</u>
NET ASSETS		<u>2,623,077</u>	<u>2,532,363</u>
Equity			
Accumulated Funds		<u>2,623,077</u>	<u>2,532,363</u>

This Balance Sheet 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 2017

**Statement of Changes in Accumulated Funds
for the year ended 30 June 2017**

	Note	2017	2016 \$
Accumulated funds balance at the commencement of the year		2,532,363	2,353,895
Gross surplus (deficit) from operations		516,456	356,095
Transfers out to unexpended grants	7	(425,742)	(177,628)
Accumulated funds balance at the conclusion of the year		2,623,077	2,532,363

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 2017

**Statement of Income and Expenditure
for the year ended 30 June 2017**

	Note	2017	2016 \$
Income			
Australian Government regional funding		3,670,788	3,754,943
Australian Government competitive funding		-	-
WA State Government regional support		150,000	-
Interest		87,420	95,439
Funding from other sources	9	962,991	674,760
Surplus from asset disposal		-	89,068
Transfer unexpired balance previous year		177,627	263,983
Total Income		<u>5,048,826</u>	<u>4,878,193</u>
Expenditure			
Salaries		1,953,349	1,727,921
Salary overheads		190,199	174,742
Employment related expenses		46,367	53,686
Consultants and contractors		589,855	645,456
Council fees and expenses		43,164	41,591
Motor vehicle expenses		103,567	104,600
General operating expenses		252,804	221,371
Administrative expenses		233,783	212,318
Project expenses		154,782	148,335
Project grant payments		964,500	1,192,078
Total Expenditure		<u>4,532,370</u>	<u>4,522,098</u>
Surplus before transfers		<u>516,456</u>	<u>356,095</u>
Transfer to/(from) unexpended grants	7	<u>(425,742)</u>	<u>(177,628)</u>
Net surplus to accumulated funds		<u>90,714</u>	<u>178,467</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 2017

	Note	2017	2016 \$
<u>Cash Flows from Operating Activities</u>			
Receipts from:			
State and Australian Government funding		4,367,075	4,334,497
Interest		87,420	95,438
Sundry receipts		152,400	123,000
		<u>4,606,895</u>	<u>4,552,935</u>
Payments to:			
Staff employment expenses		(2,135,164)	(1,864,561)
Grants and subsidies		(964,500)	(1,192,075)
Supplies and services		(1,326,782)	(2,354,691)
		<u>(4,426,446)</u>	<u>(5,411,327)</u>
Net cash provided by (used in) operating activities	8	<u>180,449</u>	<u>(858,392)</u>
<u>Cash Flows from Investing Activities</u>			
Proceeds from sale of non-current physical assets		-	167,682
Purchase of non-current physical assets		-	(295,615)
Net cash used in investing activities		<u>-</u>	<u>(127,933)</u>
<u>Cash Flows from Financing Activities</u>			
Net increase (decrease) in cash held		180,449	(986,325)
Cash assets at the beginning of the year		3,065,831	4,052,156
Cash Assets at the end of the year	2	<u>3,246,280</u>	<u>3,065,831</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 2017

NOTE 1

Significant Accounting Policies

This financial report is a special purpose financial report prepared to satisfy the financial reporting requirements of Division 60 of the Australian Charities and Not-for-profits Commissions Act 2012 and the Associations Incorporation Act 2015 (Western Australia) 2015. 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 2017 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, 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 2017

	2017	2016
	\$	\$
NOTE 2		
Cash Assets		
Cash at Bank - Trading Accounts	3,244,880	568,901
Cash on Hand	1,400	1,400
Term Deposit Accounts	-	2,495,530
	<u>3,246,280</u>	<u>3,065,832</u>
NOTE 3		
Receivables		
Receivable from debtors	264,305	-
Premises and supplier bonds	6,779	6,780
Australian Taxation Office	48,485	93,202
	<u>319,569</u>	<u>99,982</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	246,527
Electronic Equipment purchased	-	-
Less: Opening Depreciation	(210,931)	(187,311)
Less: Current Year Depreciation	<u>(20,171)</u>	<u>(23,620)</u>
	15,425	35,596
Motor Vehicles (opening balance)	325,509	352,817
Motor Vehicles purchased	-	296,933
Less: Motor Vehicles sold	-	(324,241)
Less: Opening Depreciation	(46,051)	(223,258)
Plus: Depreciation for Motor Vehicles sold	-	244,309
Less: Current Year Depreciation	<u>(59,387)</u>	<u>(67,102)</u>
	220,071	279,458
Total Property, Plant and Equipment	<u>235,496</u>	<u>315,054</u>
NOTE 5		
Provisions		
Provision for Annual Leave (current)	95,948	111,962
Provision for Long Service Leave (current)	185,781	171,778
Current provisions (i)	<u>281,729</u>	<u>283,740</u>
Non current Long Service Leave (ii)	<u>68,733</u>	<u>68,568</u>

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2017

	2017	2016
	\$	\$
NOTE 6		
Payables		
Accounts outstanding	332,318	304,512
Accrued expenses	87,771	114,678
Funds repayable to funders	-	18,829
Superannuation payable	14,197	16,176
Employee clearing accounts	(608)	1,019
Expenses recouped	(754)	4,324
	<u>432,924</u>	<u>459,538</u>
NOTE 7		
Unexpended Grants		
Balance at the commencement of the year	177,628	263,983
Transferred to income statement	(177,628)	(263,983)
Transferred from income statement	425,742	158,799
Funds Repayable to funders	-	18,829
Balance at the conclusion of the year	<u>425,742</u>	<u>177,628</u>
NOTE 8		
Reconciliation of net cash provided/used in operating activities to income and expenditure:		
Net surplus	90,714	178,467
Non - cash flows in profit		
- Depreciation	79,558	90,722
- Net gain on disposal of assets	-	(89,069)
<u>(Increase) decrease in assets</u>		
Receivables (excluding proceeds for assets sale)	(264,304)	27,794
Prepayments and bonds	(8,719)	(13,002)
<u>Increase (decrease) in liabilities</u>		
Accounts payable	36,931	(996,227)
Salary provisions	(1,847)	29,279
Unexpired grants and receipts	248,116	(86,356)
Net cash provided by (used in) operating activities	<u>180,449</u>	<u>(858,392)</u>

South West Catchments Council (Inc)
Financial Statements
For year ended 30 June 2017

NOTE 9	2017	2016
	\$	\$
Funding from other sources		
Funding from Dairy Industry for employment and hosting of the Dairy Industry Development Team	610,591	551,760
Funding from Dairy Industry Dairy Effluent Project	200,000	-
Awareness Raising on Carbon Farming Issues - Rangeland NRM funding	-	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
Western Dairy Training Partnership with SR TAFE	50,840	-
Lotterywest, sponsorship Home River Ocean	-	28,994
Grant from Planfarm towards Sustainable Agriculture workshops	4,734	-
SWCC Consulting Income	16,529	-
Sundry receipt - amounts < \$2,500	8,214	(577)
	962,991	674,760

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 – waiting on LTO from DAFWA.

Lease commencing 1 January 2016 to 31 December 2016. A new lease agreement is being negotiated as at the date of this report.

Annual rent payable of \$33,840 (inc. GST) and 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 \$21,630 (exc. GST). South West Catchments Council (Inc) are charged monthly. Lease Review 1 December 2017 – 3% per year.

Narrogin:

Licence to Occupy in Department of Agriculture and Food office, 10 Doney Street, Narrogin 6312 expires 30 June 2018.

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.