



South West Catchments Council Inc. Audited Financial Statements

For the Year Ended 30 June 2019



South West Catchments Council (Inc)
Financial Statements
For the Year Ended 30 June 2019

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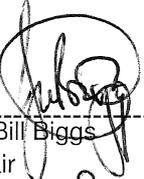
South West Catchments Council (Inc)
Financial Statements
For the Year Ended 30 June 2019

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 2019 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*.



Mr Bill Biggs
Chair
Dated this 20 day of August 2019



Mr Stephen Ewings
Chief Executive Officer
Dated this 19 day of August 2019

**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 2019, 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* and section 80 of the *Associations Incorporation Act (WA) 2015* in relation to the audit; and
- ii) Any applicable code of professional conduct in relation to the audit.

AMD Chartered Accountants



TIM PARTRIDGE
Director

Bunbury, WA

Dated this 15th day of August 2019

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

Opinion

We have audited the financial report of South West Catchments Council Inc. which comprises the balance sheet as at 30 June 2019, the statement of changes in accumulated funds, statement of income and expenditure and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report has been prepared in accordance with the *Associations Incorporation Act (WA) 2015* and 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 2019, 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, the *Associations Incorporation Act (WA) 2015* 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 *Associations Incorporation Act (WA) 2015* and *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.

Emphasis of Matter- Economic Dependency

We draw attention to Note 11 to the financial report, which describes South West Catchments Council Inc.'s dependency on funding from the Australian Government together with funding received from other sources. 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 and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Act (WA) 2015* and the *Australian Charities and Not-for-profits Commissions Act 2012* and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management are responsible for assessing South West Catchments 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 South West Catchments Council Inc.'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 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

A handwritten signature in black ink, appearing to read 'TIM PARTRIDGE', written over a horizontal line.

TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 20th day of August 2019

South West Catchments Council (Inc)
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Balance Sheet as at 30 June 2019

	Note	2019	2018
Current Assets			
Cash Assets	2	2,561,393	3,338,953
Receivables	3	764,704	60,810
Prepayments		19,320	22,742
Total Current Assets		<u>3,345,417</u>	<u>3,422,505</u>
Non-Current Assets			
Plant, property and equipment	4	112,135	143,162
Total Non-Current Assets		<u>112,135</u>	<u>143,162</u>
Total Assets		<u><u>3,457,552</u></u>	<u><u>3,565,668</u></u>
Current Liabilities			
Provisions	5	199,710	476,822
Payables	6	314,867	544,825
Unexpended grants/receipts	7	184,997	183,813
Total Current Liabilities		<u>699,574</u>	<u>1,205,460</u>
Non-Current Liabilities			
Equipment Lease	8	5,607	-
Provisions	5	23,674	47,391
Total Non-Current Liabilities		<u>29,281</u>	<u>47,391</u>
Total Liabilities		<u><u>728,855</u></u>	<u><u>1,252,852</u></u>
NET ASSETS		<u><u>2,728,697</u></u>	<u><u>2,312,816</u></u>
Equity			
Accumulated Funds		<u><u>2,728,697</u></u>	<u><u>2,312,816</u></u>

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

South West Catchments Council (Inc)
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**Statement of Changes in Accumulated Funds
for the year ended 30 June 2019**

	Note	2019	2018
Accumulated funds balance at the commencement of the year		2,312,816	2,623,077
Surplus (deficit) from operations		415,881	(310,261)
Accumulated funds balance at the conclusion of the year		<u>2,728,697</u>	<u>2,312,816</u>

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)
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**Statement of Income & Expenditure
for the year ended 30 June 2019**

	Note	2019	2018
Income			
Australian Government regional funding		2,488,973	3,681,925
WA State Government regional support		29,538	56,279
Interest		50,514	55,452
Funding from other sources	10	787,721	847,177
Surplus from asset disposal		27,271	393
Total Income		<u>3,384,017</u>	<u>4,641,226</u>
Expenditure			
Salaries		1,283,109	2,515,596
Salary overheads		127,162	219,641
Employment related expenses		26,076	44,993
Consultants and contractors		1,028,945	485,226
Association fees and expenses		25,096	48,472
Motor vehicle expenses		74,698	104,914
General operating expenses		115,904	184,735
Administrative expenses		145,737	217,049
Project expenses		109,195	180,488
Project grant payments		32,214	950,373
Total Expenditure		<u>2,968,136</u>	<u>4,951,487</u>
Net surplus (loss) to accumulated funds		<u>415,881</u>	<u>(310,261)</u>

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

South West Catchments Council (Inc)
Financial Statements
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**Statement of Cash Flows
for the year ended 30 June 2019**

	Note	2019	2018
<u>Cash Flows from Operating Activities</u>			
Receipts from:			
State and Australian Government funding		1,814,617	4,227,665
Interest		50,514	55,452
Sundry receipts		788,905	326,061
		<u>2,654,036</u>	<u>4,609,178</u>
Payments to:			
Staff employment expenses		(1,583,940)	(2,561,486)
Grants and subsidies		(32,214)	(950,373)
Supplies and services		(1,822,618)	(1,022,824)
		<u>(3,438,772)</u>	<u>(4,534,683)</u>
Net cash provided by (used in) operating activities	9	<u><u>(784,736)</u></u>	<u><u>74,495</u></u>
<u>Cash Flows from Investing Activities</u>			
Proceeds from sale of non-current physical assets		77,862	18,180
Purchase of non-current physical assets		(70,687)	-
Net cash used in investing activities		<u><u>7,175</u></u>	<u><u>18,180</u></u>
<u>Cash Flows from Financing Activities</u>			
Net increase (decrease) in cash held		(777,560)	92,673
Cash assets at the beginning of the year		3,338,953	3,246,280
Cash assets at the end of the year	2	<u><u>2,561,393</u></u>	<u><u>3,338,953</u></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 2019

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 (WA) 2015. South West Catchments Council Inc. (SWCC) has determined that it is not a reporting entity.

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.

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

Grants and Other Contributions Revenue

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

As at 30 June 2019 grant funds received by SWCC 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, SWCC 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.

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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 2019 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.

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.

Payables

Payables, including accrued payables, are recognised when SWCC 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.

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(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

SWCC 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.

	2019	2018
	\$	\$
NOTE 2		
Cash Assets		
Cash at Bank - Trading Accounts	261,488	929,874
Cash on Hand	400	956
Term Deposit Accounts	2,299,505	2,408,123
	<u>2,561,393</u>	<u>3,338,953</u>
 NOTE 3		
Receivables		
Accounts receivable	121,574	32,474
Accrued Income	643,130	21,556
Premises and supplier bonds	-	6,780
	<u>764,704</u>	<u>60,810</u>

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	2019	2018
	\$	\$
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>
	<u>-</u>	<u>-</u>
Electronic Equipment (opening balance)	246,527	246,527
Plus: Acquisitions	35,558	-
Less: Disposals	(8,286)	-
Less: Opening Depreciation	(246,527)	(231,102)
Less: Current Year Depreciation	<u>(8,067)</u>	<u>(15,425)</u>
	<u>19,205</u>	<u>-</u>
Motor Vehicles (opening balance)	293,879	325,509
Plus: Acquisitions	35,129	-
Less: Disposals	(42,306)	(17,785)
Less: Opening Depreciation	(150,716)	(105,438)
Less: Current Year Depreciation	<u>(43,056)</u>	<u>(59,123)</u>
	<u>92,929</u>	<u>143,163</u>
Total Property, Plant and Equipment	<u>112,135</u>	<u>143,163</u>
NOTE 5		
Provisions		
Provision for Annual Leave (current)	71,377	125,319
Provision for Long Service Leave (current)	128,333	213,610
Provision for Redundancies (current)	-	137,894
Current Provisions	<u>199,710</u>	<u>476,822</u>
Non-current Provisions - Long Service Leave	<u>23,674</u>	<u>47,391</u>
NOTE 6		
Payables		
Accounts outstanding (Accounts Payable)	191,579	189,835
Accrued expenses	88,503	318,575
Corporate Credit Card	6,826	-
Superannuation payable	9,269	17,959
Employee clearing accounts	-	692
Expenses recouped	-	(40)
Australian Taxation Office	18,690	17,805
	<u>314,867</u>	<u>544,825</u>

South West Catchments Council (Inc)
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	2019 \$	2018 \$
NOTE 7		
Unexpended Grants		
Balance at the commencement of the year	183,813	425,742
Transferred to income statement	(183,813)	(425,742)
Grants received in advance	184,997	183,813
Balance at the conclusion of the year	<u>184,997</u>	<u>183,813</u>
Unexpended grants are offset directly against income and therefore not separately reported in the Financial Statements as in prior years		
NOTE 8		
Equipment Lease		
Copier Lease	6,500	-
Unexpired Interest	(893)	-
	<u>5,607</u>	<u>-</u>
NOTE 9		
Reconciliation of net cash provided/used in operating activities to income and expenditure:		
Net surplus (deficit)	415,881	(310,261)
Non - cash flows in profit		
- Depreciation	51,122	74,548
- Net gain on disposal of assets	(27,271)	(393)
<u>(Increase) decrease in assets</u>		
Receivables (excluding proceeds for assets sale)	(703,895)	210,275
Prepayments and bonds	3,422	8,118
<u>Increase (decrease) in liabilities</u>		
Accounts payable	(229,958)	160,387
Salary provisions	(300,830)	173,751
Unexpended grants	1,184	(241,930)
Equipment Lease	5,607	-
Net cash provided by (used in) operating activities	<u>(784,736)</u>	<u>74,494</u>

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	2019 \$	2018 \$
NOTE 10		
Funding from other sources		
Funding from Dairy Industry for employment and hosting of the Dairy Industry Development Team	425,000	434,661
Western Dairy unspent funds carried forward from prior financial year	155,994	252,588
Western Dairy Funding to be returned	(104,962)	-
Funding from Dairy Industry Dairy Effluent Project	120,000	17,679
Western Dairy Training Partnership with South Regional TAFE	55,380	32,862
Dairy Pasture Variety Trials	54,750	7,150
Smarter Irrigation (Dairy) Project	53,444	-
SWCC Consulting Income	20,687	6,978
Water Corporation Possum Bridge Grant	-	23,100
Sundry receipt - amounts < \$2,500	7,428	72,158
	<u>787,721</u>	<u>847,177</u>

NOTE 11

Economic Dependency

The ongoing operations of South West Catchments Council (Inc.) are dependent upon service agreements with the Australian Government together with funding and sponsorships received from other sources.

A contract has been executed with the Australian Government to deliver services to 30 June 2023.

NOTE 12

Leases

Bunbury:

Licence to Occupy in Department of Agriculture and Food office (DAFWA) 1 Verschuer Place, Bunbury 6230 – extended to 31 December 2019.

Annual rent payable of \$36,000 (inc. GST) and share of outgoings of \$15,055 (inc. GST) per annum. This includes an increase in space for the Dairy team to be recouped from Western Dairy.

There are no other premises leases.

Photocopier Lease

A 3-year finance lease With Ricoh Finance commenced on 19 June 2019 for a new photocopier. The annual repayment is \$2280.60 inc GST, with a residual payment of \$308.38.

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NOTE 13

Subsequent Events

The MOU with Western Dairy and Dairy Australia for provision of administrative services and office space ceased on 30 June 2019, requiring a refund in August 2019 to Dairy Australia for staff provisions and unspent funds. A new MOU has been signed covering office space and use of fleet vehicles.