

Northern Agricultural Catchments Council Incorporation

ABN 15 441 877 135

Special Purpose Financial Report - 30 June 2019

Northern Agricultural Catchments Council Incorporation
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General information

The financial statements cover Northern Agricultural Catchments Council ('the Incorporated Association') as an individual entity. The financial statements are presented in Australian dollars, which is Northern Agricultural Catchments Council's functional and presentation currency.

Northern Agricultural Catchments Council is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lotteries House
114 Sanford Street, Geraldton
PO Box 7168, Geraldton, 6531

A description of the nature of the Incorporated Association's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue on 25 October 2019.

Northern Agricultural Catchments Council Incorporation
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$ Restated
Revenue			
Grant Income		1,517,593	5,240,710
Service Income		1,905,317	-
Other Income		<u>50,918</u>	<u>133,657</u>
		<u>3,473,828</u>	<u>5,374,367</u>
Expenses			
Governance Expenses		(34,034)	(58,220)
Employee Expenses		(731,935)	(2,060,323)
Other Operating Costs		(186,161)	(518,839)
Project Costs		<u>(1,498,048)</u>	<u>(2,703,688)</u>
Surplus for the year	11	1,023,650	33,297
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>1,023,650</u></u>	<u><u>33,297</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Northern Agricultural Catchments Council Incorporation
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$ Restated
Assets			
Current assets			
Cash and cash equivalents	3	2,942,899	2,530,708
Trade and other receivables	4	587,698	26,928
Prepayments	5	15,825	38,863
Total current assets		<u>3,546,422</u>	<u>2,596,499</u>
Non-current assets			
Property, plant and equipment	6	12,705	24,893
Total non-current assets		<u>12,705</u>	<u>24,893</u>
Total assets		<u>3,559,127</u>	<u>2,621,392</u>
Liabilities			
Current liabilities			
Trade and other payables	7	602,495	682,066
Unexpended Grants	8	269,170	103,504
Provisions	9	99,367	267,366
Total current liabilities		<u>971,032</u>	<u>1,052,936</u>
Non-current liabilities			
Provisions	10	43,924	47,935
Total non-current liabilities		<u>43,924</u>	<u>47,935</u>
Total liabilities		<u>1,014,956</u>	<u>1,100,871</u>
Net assets		<u>2,544,171</u>	<u>1,520,521</u>
Equity			
Retained surpluses	11	<u>2,544,171</u>	<u>1,520,521</u>
Total equity		<u>2,544,171</u>	<u>1,520,521</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Northern Agricultural Catchments Council Incorporation
Statement of changes in equity
For the year ended 30 June 2019

	Retained surpluses \$	Total equity \$
Balance at 1 July 2017	354,454	354,454
Surplus for the year	33,297	33,297
Other comprehensive income for the year	-	-
Total comprehensive income for the year	33,297	33,297
Adjustment for unexpended funds	1,132,770	1,132,770
Balance at 30 June 2018 - Restated	<u>1,520,521</u>	<u>1,520,521</u>
	Retained profits \$	Total equity \$
Balance at 1 July 2018	1,520,521	1,520,521
Surplus for the year	1,023,650	1,023,650
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,023,650	1,023,650
Balance at 30 June 2019	<u>2,544,171</u>	<u>2,544,171</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Northern Agricultural Catchments Council Incorporation
Statement of cash flows
For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
			Restated
Cash flows from operating activities			
Receipts from customers		3,052,307	4,881,747
Payments to suppliers and employees		<u>(2,666,533)</u>	<u>(5,573,077)</u>
Interest received		385,774	(691,330)
		<u>26,417</u>	<u>60,046</u>
Net cash from/(used in) operating activities	14	<u>412,191</u>	<u>(631,284)</u>
Cash flows from investing activities			
Net cash from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		412,191	(631,284)
Cash and cash equivalents at the beginning of the financial year		<u>2,530,708</u>	<u>3,161,992</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>2,942,899</u></u>	<u><u>2,530,708</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Northern Agricultural Catchments Council Incorporation
Notes to the financial statements
30 June 2019

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Incorporated Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the Directors' opinion, the Incorporated Association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and Associations Incorporation Act 2015 (WA), the Charitable Collections Act 1946 and associated regulations. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Northern Agricultural Catchments Council.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Incorporated Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The Incorporated Association recognises revenue as follows:

Grant Income

The Association's operations are supported by grant funding received from the Federal Government.

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Service Income

The Association has an executed Service Agreement in place with the Federal Government as part of the Regional Land Partnerships Program.

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Northern Agricultural Catchments Council Incorporation
Notes to the financial statements
30 June 2019

1. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the Incorporated Association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Incorporated Association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Incorporated Association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Incorporated Association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office Equipment	20%
Computer Equipment	40%
Motor Vehicles	15%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Incorporated Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Incorporated Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Incorporated Association has a present (legal or constructive) obligation as a result of a past event, it is probable the Incorporated Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Incorporated Association for the annual reporting period ended 30 June 2019. The Incorporated Association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Northern Agricultural Catchments Council Incorporation
Notes to the financial statements
30 June 2019

2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Incorporated Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at Bank	1,579,752	951,856
Cash on Deposit	1,363,147	1,578,852
	<u>2,942,899</u>	<u>2,530,708</u>

4. Trade and other receivables

	2019	2018
	\$	\$
Trade Receivables	400,537	26,928
Accrued Income	187,161	-
	<u>587,698</u>	<u>26,928</u>

5. Prepayments

	2019	2018
	\$	\$
		Restated
Prepayments	<u>15,825</u>	<u>38,863</u>

Northern Agricultural Catchments Council Incorporation
Notes to the financial statements
30 June 2019

6. Property, plant and equipment

	2019	2018
	\$	\$
Plant and Equipment - at cost	171,292	171,291
Less: Accumulated Depreciation	<u>(171,055)</u>	<u>(167,831)</u>
	<u>237</u>	<u>3,460</u>
Fixtures and Fittings - at cost	4,555	4,555
Less: Accumulated Depreciation	<u>(4,555)</u>	<u>(4,555)</u>
	<u>-</u>	<u>-</u>
Motor Vehicles - at cost	59,708	59,708
Less: Accumulated Depreciation	<u>(47,240)</u>	<u>(38,275)</u>
	<u>12,468</u>	<u>21,433</u>
	<u><u>12,705</u></u>	<u><u>24,893</u></u>

7. Trade and other payables

	2019	2018
	\$	\$
Trade Creditors	447,120	541,787
GST Liability / (Receivable)	33,680	(148,594)
Business Credit Cards	5,684	6,211
Accrued Expenses	103,463	255,668
PAYG Liability	<u>12,548</u>	<u>26,994</u>
	<u><u>602,495</u></u>	<u><u>682,066</u></u>

8. Unexpended Grants

	2019	2018
	\$	\$
		Restated
Unexpended Grants	<u>269,170</u>	<u>103,504</u>

9. Provisions - Current

	2019	2018
	\$	\$
Annual Leave	50,339	99,605
Long Service Leave	<u>49,028</u>	<u>167,761</u>
	<u><u>99,367</u></u>	<u><u>267,366</u></u>

Northern Agricultural Catchments Council Incorporation
Notes to the financial statements
30 June 2019

10. Provisions – Non-current

	2019	2018
	\$	\$
Long Service Leave	43,924	47,935

11. Retained surpluses

	2019	2018
	\$	\$
		Restated
Retained surpluses at the beginning of the financial year	1,520,521	354,454
Surplus for the year	1,023,650	33,297
Adjustment for unexpended funds	-	1,132,770
Retained surpluses at the end of the financial year	<u>2,544,171</u>	<u>1,520,521</u>

12. Committed Project Expenditure

As at 30 June 2019, the Northern Agricultural Catchments Council Inc. has committed to project expenditure to the value of \$111,250. This is expected to be incurred within the 2019/20 financial year.

13. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Incorporated Association's operations, the results of those operations, or the Incorporated Association's state of affairs in future financial years.

14. Reconciliation of surplus to net cash from/(used in) operating activities

	2019	2018
	\$	\$
Surplus for the year	1,023,650	33,297
Adjustments for:		
Depreciation and amortisation	12,188	16,825
Unexpended Grant Adjustment	-	1,132,769
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(537,732)	7,164
Decrease in trade and other payables	(251,581)	(235,170)
Increase/(decrease) in unexpended grants	165,666	(1,586,169)
Net cash from/(used in) operating activities	<u>412,191</u>	<u>(631,284)</u>

Northern Agricultural Catchments Council Incorporation
Notes to the financial statements
30 June 2019

15. Prior Year Restatement

The information below details adjustments made to restate prior year end balances that were misstated.

	Reported 2018 \$	Adjusted 2018 \$	Restated 2018 \$
Statement of Financial Position			
Prepayments	6,457	32,406	38,863
Unexpended Grants	(1,236,274)	1,132,770	(103,504)
Retained surpluses	(354,454)	(1,132,770)	(1,487,224)
	<u>(1,584,271)</u>	<u>32,406</u>	<u>(1,551,865)</u>
Statement of Profit or Loss and Other Comprehensive Income			
Other Operating Costs	551,245	(32,406)	518,839
	<u>551,245</u>	<u>(32,406)</u>	<u>518,839</u>

Northern Agricultural Catchments Council Incorporation
Directors' declaration
30 June 2019

In the Directors' opinion:

- the Incorporated Association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and Associations Incorporation Act 2015 (WA), the Charitable Collections Act 1946 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Incorporated Association's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Incorporated Association will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



25 October 2019

Northern Agricultural Catchments Council Inc.

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Northern Agricultural Catchments Council Inc. (the Association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 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 the Associations in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 for the purpose of fulfilling the Association's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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williambuck.com

Independent auditor's report to members (cont.)

Responsibilities of the Directors for the Financial Report

The directors of the Association are 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 ACNC Act and the needs of the members. The directors responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the 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, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 the 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (WA) Pty Ltd

ABN 67 125 012 124

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Director

Dated this 25th day of October 2019