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156 Durlacher Street,  
Geraldton, WA 6530  
PO Box 288, Geraldton, WA 6531

# NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

## FINANCIAL STATEMENTS

### FOR THE YEAR ENDED

**30TH JUNE 2018**



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## **NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**

**ABN 15 441 877 135**

**Independent Auditor's Report to the Members**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of NORTHERN AGRICULTURAL CATCHMENTS COUNCIL (the association), which comprises the Statement of Financial Position, Operating Statement and Statement of Cash Flow as at 30 June 2018, a summary of significant accounting policies and the certification by members of the Board on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2018 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 2015.

#### **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 association in accordance with 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 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 the association to meet the requirements of Associations Incorporation Act 2015. 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 the Board for the Financial Report**

The Board is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the Associations Incorporation Act 2015 and for 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.

In preparing the financial report, the Board is 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 Board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

## **NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**

**ABN 15 441 877 135**

### **Independent Auditor's Report to the Members**

#### **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 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.

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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's 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 association'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 association 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.

**NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**  
**ABN 15 441 877 135**  
**Independent Auditor's Report to the Members**

We communicate with the Board 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.

Signed on 30 August, 2018:



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Andrew Ford, CPA

AMD Midwest Pty Ltd

Director

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

STATEMENT BY RESPONSIBLE PERSONS

The Board has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board the Operating Statement, Statement of Financial Position, Statement of Cashflows and Notes to the Financial Statements:

1. Presents fairly the financial position of NORTHERN AGRICULTURAL CATCHMENTS COUNCIL as at 30 June 2018 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Chair: Robert Keogh



Treasurer: Susanne Levett

Dated this day.....1.....day of .....October.....2018

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash Assets		2,530,708	3,161,992
Receivables	3	<u>33,385</u>	<u>72,955</u>
<b>TOTAL CURRENT ASSETS</b>		2,564,093	3,234,946
<b>NON CURRENT ASSETS</b>			
Property Plant and Equipment	4	3,460	11,319
Motor Vehicles	4	<u>21,434</u>	<u>30,399</u>
<b>TOTAL NON CURRENT ASSETS</b>		24,894	41,718
<b>TOTAL ASSETS</b>		<u>2,588,987</u>	<u>3,276,664</u>
<b>CURRENT LIABILITIES</b>			
Payables	5	660,566	935,051
Provisions	6	336,801	297,486
Unexpended Grants	7	1,236,274	1,689,673
<b>TOTAL LIABILITIES</b>		<u>2,233,642</u>	<u>2,922,210</u>
<b>NET ASSETS</b>		<u>355,345</u>	<u>354,454</u>
<b>EQUITY</b>			
Retained Surplus		355,345	354,454
<b>TOTAL EQUITY</b>		<u>355,345</u>	<u>354,454</u>

This statement is to be read in conjunction with the accompanying notes

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 \$	2017 \$
<b>OPERATING REVENUES</b>			
Grant Income		5,240,710	4,368,371
Other Income		<u>133,657</u>	<u>94,534</u>
		5,374,366	4,462,906
<b>OPERATING EXPENSES</b>			
Employment Expenses		2,060,323	2,026,440
Governance Expenses		58,220	73,625
Other Operating Costs		551,245	443,947
Project Costs		<u>2,703,688</u>	<u>1,913,936</u>
		5,373,475	4,457,948
<b>NET SURPLUS (DEFICIT)</b>		<u>891</u>	<u>4,958</u>

This statement is to be read in conjunction with the accompanying notes

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 \$	2017 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2017		354,454	349,496
Net Surplus (Deficit)		891	4,958
Balance as at 30 June 2018		<u>355,345</u>	<u>354,454</u>
<b>TOTAL EQUITY</b>		<u>355,345</u>	<u>354,454</u>

This statement is to be read in conjunction with the accompanying notes

**NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED 30TH JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash at Beginning of Year</b>	3,161,992	3,120,301
<b>Operating Activities</b>		
Cash receipts from operating activities	4,900,491	4,283,919
Cash paid for		
General operating and administrative expenses	(3,723,181)	(2,292,691)
Wage expenses	(1,868,640)	(2,013,054)
<b>Net Cash Flow from Operating Activities</b>	<u><b>(691,330)</b></u>	<u><b>(21,826)</b></u>
<b>Investing Activities</b>		
Cash receipts from		
Interest Received	60,046	63,517
Cash paid for		
Purchase of property and equipment	-	-
<b>Net Cash Flow from Investing Activities</b>	<u><b>60,046</b></u>	<u><b>63,517</b></u>
<b>Net Increase (Decrease) in Cash</b>	<u><b>(631,284)</b></u>	<u><b>41,691</b></u>
<b>Cash at End of Year</b>	<u><u><b>2,530,708</b></u></u>	<u><u><b>3,161,992</b></u></u>

This statement is to be read in conjunction with the accompanying notes

**NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

The financial report is a special purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

**Critical Accounting Estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

**(b) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST.

**(c) Fixed Assets**

Property, plant & equipment and other non current assets are brought to account at cost or at independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

**(d) Depreciation of Non-Current Assets**

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

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation rates are:

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

**(e) Impairment**

In accordance with Australian Accounting Standards the NACC's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB136 "Impairment of Assets" and appropriate adjustments are made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

**(f) Investments**

All investments are valued at cost and interest on those investments is recognised when accrued.

**NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**(i) Wages, Salaries and Annual Leave**

The provision for employees' benefits to wages, salaries and annual leave represents the amount that NACC has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on remuneration rates that NACC expects to pay and includes related on-costs.

**(ii) Long Service Leave**

The provision for employees' benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

**(h) Interest Rate Risk**

NACC's exposure to interest rate risk, which is risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates, is considered negligible for all financial instruments other than borrowings.

**(i) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statement. NACC does not have material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by NACC.

**(j) Fair Value**

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as NACC intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts.

**(k) Rounding Off Figures**

All figures shown in this financial report are rounded to the nearest dollar.

**(l) Comparative Figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(m) Retained Earnings**

As at 30 June 2018 NACC has \$912,993 carried forward funds as Unexpended Grants Provision which are not recorded as retained earnings in the accounts. The amount has been generated from bank interest and from savings in project management expenses. These funds are maintained by NACC as a reserve for windup expenses and for investment in future project expenses in line with NACC objectives. Refer Note 7 Unexpended Grants "AA Operating" category and financial report in the additional attached financial data.

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Subsequent Events

Core funding received from the Australian Government National Landcare Program has been reduced by 38% commencing 1 July 2018. To manage the reduced income NACC reduced staffing by 14 employees in July 2018. Termination payments have been provided for in the 2018 Financial Reports as follows:

	\$	Note	
Redundancy Payments	\$187,685	5	Accrued Expenses
Annual Leave Accrued	\$55,178	6	Provision for Employee Entitlements
Long Service Leave Accrued	\$148,153	6	Provision for Long Service Leave
Total	<u>\$391,016</u>		

**NORTHERN AGRICULTURAL CATCHMENTS COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	2018	2017
	\$	\$
<b>2. NET CURRENT ASSETS</b>		
<b>Composition of Net Current Asset Position</b>		
<b>CURRENT ASSETS</b>		
Cash	2,530,708	3,161,992
Receivables	33,385	72,955
	<u>2,564,093</u>	<u>3,234,946</u>
<b>LESS: CURRENT LIABILITIES</b>		
Payables and Provisions	997,367	1,232,537
Unexpended Grants	1,236,274	1,689,673
	<u>2,233,642</u>	<u>2,922,210</u>
<b>NET CURRENT ASSET POSITION</b>	<u><u>330,451</u></u>	<u><u>312,737</u></u>
<b>3. RECEIVABLES</b>		
Debtors	26,928	47,754
Prepaid Expenses	6,457	25,201
	<u>33,385</u>	<u>72,955</u>

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

	2018	2017
	\$	\$
<b>4. NON CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Plant and Equipment	171,291	171,291
Less: Accumulated Depreciation	<u>(167,831)</u>	<u>(159,972)</u>
	3,460	11,319
Motor Vehicles	59,708	59,708
Less: Accumulated Depreciation	<u>(38,275)</u>	<u>(29,309)</u>
	21,434	30,399
<b>TOTAL NON CURRENT ASSETS</b>	<u><u>24,894</u></u>	<u><u>41,718</u></u>

**5. PAYABLES**

Trade Creditors	541,787	225,356
GST	(148,594)	(38,941)
PAYG	26,994	38,586
Superannuation	-	19,993
Parental Leave	(0)	-
Business Credit Cards	6,211	8,762
Accrued Expenses	204,656	20,703
Committed Funds	<u>29,512</u>	<u>660,593</u>
	<u><u>660,566</u></u>	<u><u>935,051</u></u>

**6. PROVISIONS**

Provision for Employee Entitlements	99,605	112,774
Provision for Long Service Leave	215,696	163,212
Provision for Audit Fees	<u>21,500</u>	<u>21,500</u>
	<u><u>336,801</u></u>	<u><u>297,486</u></u>

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

	2018	2017
	\$	\$
<b>7. UNEXPENDED GRANTS</b>		
1416 SP5 Flora/Fauna	19,675	-
1519 NRMO Technical Delivery	-	460,648
1617CGR18 NRM Exhibit Geraldton Museum	-	2,578
1718 Office Overheads	-	104,882
1818 Office Overheads	116,101	-
201577 Coast Adaption & RA Project	620	620
201624 2015 Threatened Species Forum	-	1,857
201678 NAR NRM Awards	-	2,035
201702 Healthy Estuaries	-	2,858
201724 2017 Threatened Species Forum	13,453	10,220
201736 Bendigo Bank 2017	3,481	12,000
201778 2017 NAR Awards	3,488	-
2018TSH Talking Soil Health	35,180	-
4-58YJ1L3 Indigenous Rangers Teams in MW	12,781	
AA Operating	912,993	892,903
C358 Reduce your use and recycle	-	10,000
CCGL15413 Feral Fix	28,549	25,471
CCGL15414 Narvis supporting NRM	-	8,489
CCGL15419 NRM social responsibility	-	27,708
CCGL15420 Hands on in NRM	20,937	84,235
CCGL15435 Engaging Edu for NRM	-	22,493
CCGL15440 Photomon in your patch	-	1,852
CCGL15479 Maintaining Block and Enviro	-	4,823
G045c Rabbit Control Awareness Prog	14,963	-
CCGS17711 Gunnado Bio Blitz	6,600	-
GA2017 Greening Australia Project	47,454	11,914
SCV2017 SCV Biodiversity Project	-	2,088
	<u>1,236,274</u>	<u>1,689,673</u>