

# ANNUAL BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012



# MURCHISON REGIONAL VERMIN COUNCIL

# **MURCHISON REGIONAL VERMIN COUNCIL**

## **BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

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**MURCHISON REGIONAL VERMIN COUNCIL**

**BUDGET FOR THE YEAR 2011/2012**

**Operating Revenue/Expenditure**

	<b>2011/2012 BUDGET</b>	<b>2010/11 Actual</b>	<b>2010/11 BUDGET</b>
<b>Revenues</b>			
Precepts Member Councils	( 29,000.00 )	( 29,644.16 )	( 29,000.00 )
Fence Rents - Raised	( 5,900.00 )	( 5,802.72 )	( 5,900.00 )
Subsidy - Agriculture WA	( 28,000.00 )	( 28,000.00 )	( 28,000.00 )
Interest	( 250.00 )	( 5.19 )	( 250.00 )
Grant Funding - RFR	( 1,157,867.00 )	-	( 100,000.00 )
Grant Funding - RFR (Clearing)	( 400,000.00 )	-	( 300,000.00 )
	<u>( 1,621,017.00 )</u>	<u>( 63,452.07 )</u>	<u>( 463,150.00 )</u>
<b>Expenditure - General Purposes</b>			
<b>Administration</b>			
Administration Fees	6,000.00	6,566.66	6,000.00
Audit Fees	2,500.00	2,500.00	2,500.00
Bank Fees	165.00	95.80	165.00
Chairman's Allowance	500.00	500.00	-
Communication Expenses	1,200.00	851.57	1,200.00
Consultants Fee - Finances	3,500.00	5,100.00	3,500.00
Meeting Expenses	750.00	620.04	750.00
Members Meeting Fees	5,600.00	4,480.00	5,600.00
Sundry	1,000.00	502.18	1,000.00
	<u>21,215.00</u>	<u>21,216.25</u>	<u>20,715.00</u>
<b>Fence Maintenance Expenses</b>			
Inspections & Maintenance	60,000.00	39,535.33	60,000.00
Signage	-	4,375.00	-
Materials	2,000.00	328.09	2,000.00
Freight	1,200.00	69.00	1,200.00
	<u>63,200.00</u>	<u>44,307.42</u>	<u>63,200.00</u>
<b>Depreciation Expense</b>			
Depreciation-Infrastructure-Fence	60,000.00	63,853.86	60,000.00
Depreciation - Plant & Equipment	-	-	-
	<u>60,000.00</u>	<u>63,853.86</u>	<u>60,000.00</u>
<b>Net Income</b>	<b>( 1,476,602.00 )</b>	65,925.46	<b>( 319,235.00 )</b>
<b>Depreciation-Infrastructure-Fence</b>	<b>( 60,000.00 )</b>	<b>( 63,853.86 )</b>	<b>( 60,000.00 )</b>
<b>Cash Position</b>	<b>( 1,536,602.00 )</b>	<b>2,071.60</b>	<b>( 379,235.00 )</b>
<b>Capital Expenditure</b>			
Fence Works	1,557,867.00		400,000.00
<b>Opening Cash Position</b>	<b>( 21,407.68 )</b>	<b>( 23,479.28 )</b>	<b>( 23,479.28 )</b>
<b>Closing Cash Position</b>	<b>( 142.68 )</b>	<b>( 21,407.68 )</b>	<b>( 2,714.28 )</b>

**MURCHISON REGIONAL VERMIN COUNCIL**

**INCOME STATEMENT**

**BY NATURE OR TYPE**

**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>NOTE</b>	<b>2011/12 Budget</b>	<b>2010/11 Actual</b>	<b>2010/11 Budget</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Precepts		29,000	29,644	29,000
Subsidy-Agriculture WA	24	28,000	28,000	28,000
Fees and Charges	23(c)	5,900	5,803	5,900
Interest Earnings	2(a)	250	5	250
Other Revenue		<u>1,557,867</u>	<u>-</u>	<u>400,000</u>
		<u>1,621,017</u>	<u>63,452</u>	<u>463,150</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Materials and Contracts		( 84,415 )	( 65,524 )	( 83,915 )
Depreciation	2(a)	<u>( 60,000 )</u>	<u>( 63,854 )</u>	<u>( 60,000 )</u>
		<u>( 144,415 )</u>	<u>( 129,378 )</u>	<u>( 143,915 )</u>
<b>NET RESULT</b>				
		<u>1,476,602</u>	<u>( 65,925 )</u>	<u>319,235</u>

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

**MURCHISON REGIONAL VERMIN COUNCIL**

**INCOME STATEMENT**

**BY PROGRAM**

**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2011/12 Budget	2010/11 Actual \$	2010/11 Budget
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
General Purpose Funding		-	-	-
Economic Services		1,621,017	63,452	463,150
	2 (a)	<u>1,621,017</u>	<u>63,452</u>	<u>463,150</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		( 36,104 )	( 32,344 )	( 35,979 )
Economic Services		( 108,311 )	( 97,033 )	( 107,936 )
	2 (a)	<u>( 144,415 )</u>	<u>( 129,378 )</u>	<u>( 143,915 )</u>
<b>NET RESULT</b>		<u>1,476,602</u>	<u>( 65,925 )</u>	<u>319,235</u>

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

**MURCHISON REGIONAL VERMIN COUNCIL**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2011/12 Budget	2010/11 Actual \$	2010/11 Budget
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Grants and Subsidies - operating		28,000	28,000	28,000
Contributions, Reimbursements & Donations		29,000	29,644	29,000
Fees and Charges		5,900	5,803	5,900
Interest Earnings		250	5	250
Other Revenue		1,557,867	-	400,000
		<u>1,621,017</u>	<u>63,452</u>	<u>463,150</u>
<b>Payments</b>				
Materials and Contracts		( 84,415 )	( 65,524 )	( 83,915 )
		<u>( 84,415 )</u>	<u>( 65,524 )</u>	<u>( 83,915 )</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	12(b)	<u>1,536,602</u>	<u>( 2,072 )</u>	<u>379,235</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Construction of Infrastructure		( 1,557,867 )	-	( 400,000 )
		<u>( 1,557,867 )</u>	<u>-</u>	<u>( 400,000 )</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		( 1,557,867 )	-	( 400,000 )
<b>Net Increase (Decrease) in Cash Held</b>		( 21,265 )	( 2,072 )	( 20,765 )
Cash at Beginning of Year		16,490	18,562	23,479
<b>Cash and Cash Equivalents</b>				
<b>at the End of the Year</b>	12(a)	<u>( 4,775 )</u>	<u>16,490</u>	<u>2,714</u>

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

**MURCHISON REGIONAL VERMIN COUNCIL**

**FEE SETTING STATEMENT**

**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2011/12 Budget</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>
<b>OPERATING REVENUES</b>			
General Purpose Funding	-	-	-
Economic Services	1,621,017	63,452	463,150
	<u>1,621,017</u>	<u>63,452</u>	<u>463,150</u>
<b>OPERATING EXPENSES</b>			
Governance	( 36,104 )	( 32,344 )	( 35,979 )
Economic Services	( 108,311 )	( 65,524 )	( 107,936 )
	<u>( 144,415 )</u>	<u>( 97,868 )</u>	<u>( 143,915 )</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
Depreciation on Assets	60,000	63,854	60,000
Movement in accruals	-	-	-
<b>Capital Expenditure and Revenue</b>			
Purchase Infrastructure Assets - Fencing	( 1,557,867 )	-	( 400,000 )
<b>Funding required from retained earnings</b>	<u>( 21,265 )</u>	<u>29,438</u>	<u>( 20,765 )</u>
<b>Retained Funds</b>			
Opening Funds	16,490	18,562	23,479
Less Closing Funds	4,775	( 16,490 )	( 2,714 )
	<u>21,265</u>	<u>2,072</u>	<u>20,765</u>

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

## MURCHISON REGIONAL VERMIN COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

#### 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 general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

##### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, 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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

##### (b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

##### (c) Goods and Services Tax

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

##### (d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

##### (e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.



**MURCHISON REGIONAL VERMIN COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(f) Inventories**

***General***

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Costs include the cost of acquisition, development and interest incurred on the financing of that land during development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

**(g) Fixed Assets**

***Initial Recognition***

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

***Land under Roads***

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

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

All non-current assets having a limited useful life are separately and 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 periods are:

Fencing	50 years
Plant and Equipment	10 years

## MURCHISON REGIONAL VERMIN COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

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

##### (i) Investments and Other Financial Assets

###### **Classification**

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

###### *(i) Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

###### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

###### *(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

###### *(iv) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

###### **Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

## MURCHISON REGIONAL VERMIN COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

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

##### (i) Investments and Other Financial Assets (Continued)

###### ***Subsequent measurement***

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

###### ***Impairment***

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

##### (j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

## MURCHISON REGIONAL VERMIN COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2012

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

##### (k) Impairment

In accordance with Australian Accounting Standards the Council'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 AASB 136 *'Impairment of Assets'* and appropriate adjustments 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.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

##### (l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

##### (m) 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, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

###### (ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as 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. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

##### (n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**MURCHISON REGIONAL VERMIN COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

***Borrowing Costs***

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**(o) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(p) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(q) Joint Venture**

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about any joint ventures are set out in Note 15.

**(r) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

**(s) Superannuation**

The Murchison Regional Vermin Council does not contribute to any Superannuation Scheme nor to the Occupational Superannuation Fund.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**MURCHISON REGIONAL VERMIN COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(t) Rounding Off Figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

**(u) Comparative Figures**

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

**(v) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

**MURCHISON REGIONAL VERMIN COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
BUDGET FOR THE YEAR 2011/2012**

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

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

**MURCHISON REGIONAL VERMIN COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
BUDGET FOR THE YEAR 2011/2012**

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

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.



**MURCHISON REGIONAL VERMIN COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(viii)	AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix)	AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 1038]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**MURCHISON REGIONAL VERMIN COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

(\*) Applicable to reporting periods commencing on or after the given date.

**MURCHISON REGIONAL VERMIN COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(x) Adoption of New and Revised Accounting Standards**

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2009 - 5

AASB 2009 - 8

AASB 2009 - 10

AASB 2009 - 13

AASB 2010 - 1

AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**MURCHISON REGIONAL VERMIN COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

2. REVENUES AND EXPENSES	2011/2012 \$	2010/2011 \$
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit	2,500	2,500
- Other Services	-	-
	2,500	2,500
<b>Depreciation -</b>		
Plant and Equipment	-	-
Infrastructure - Fencing	60,000	63,854
	60,000	63,854
(ii) Crediting as Revenue:		
	2011/2012 \$	2010/2011 \$
<b>Interest Earnings</b>		
Investments		
- Other Funds	250	5
	250	5

**(b) Statement of Objective**

The Murchison Vermin Council is dedicated to providing high quality services to the community through the maintenance and upgrading of vermin proof fencing in the region.

**GOVERNANCE**

Administration and operations of facilities and services to members of council. Includes fees, expenses and allowances paid to elected members, subscriptions, council meeting expenses and support staff.

**ECONOMIC SERVICES**

Provision of Vermin Control in rural areas through the maintenance and upgrade of vermin control fencing.

3. CASH AND CASH EQUIVALENTS	2011/2012 \$	2010/2011 \$
Unrestricted - Cash at Bank	143	4,040
	143	4,040

MURCHISON REGIONAL VERMIN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/2012 \$	2010/2011 \$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Fees Outstanding	-	3,587
GST Receivable	-	359
	<u>-</u>	<u>3,946</u>
	<u>-</u>	<u>3,946</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fencing Material	-	1,897
	<u>-</u>	<u>1,897</u>
	<u>-</u>	<u>1,897</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Property, Plant, & Equipment	4,939	4,939
Less Accumulated Depreciation	( 4,939 )	( 4,939 )
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of asset, of the property, plant and equipment between the beginning and the end of the current financial year.

	Plant & Equipment \$	Total \$
Balance as at 1 July 2010	-	-
Additions	-	-
(Disposals)	-	-
Depreciation (Expense)	-	-
	<u>-</u>	<u>-</u>
Balance as at 30 June 2011	<u>-</u>	<u>-</u>

MURCHISON REGIONAL VERMIN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/2012 \$	2010/2011 \$
<b>7. INFRASTRUCTURE</b>		
Fencing - At Cost	4,685,260	3,127,393
Less Accumulated Depreciation	<u>( 3,075,306 )</u>	<u>( 3,015,306 )</u>
	<u>1,609,954</u>	<u>112,087</u>

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of asset, of the infrastructure between the beginning and the end of the current financial year.

	<u>Fencing \$</u>	<u>Total \$</u>
Balance as at 1 July 2010	112,087	112,087
Additions	-	-
(Disposals)	-	-
Depreciation (Expense)	<u>( 60,000 )</u>	<u>( 63,854 )</u>
Balance as at 30 June 2011	<u>52,087</u>	<u>48,233</u>

MURCHISON REGIONAL VERMIN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2011 \$
<b>8 TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	8,500	6,926
	<u>8,500</u>	<u>6,926</u>

**9 RESERVES - CASH BACKED**

The Regional Council did not have any reserves during the last 2 financial years.

**10 BORROWINGS**

The Regional Council does not have long-term debt or overdraft arrangements.

**11 TRADING ACTIVITIES**

The Regional Council does not operate trading or land transactions under the LG Act.

**12 NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2012 Budget \$	2011 Actual \$
Cash and Cash Equivalents	<u>143</u>	<u>7,986</u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net Result	1,476,602	( 65,925 )
Depreciation	60,000	63,854
(Increase)/Decrease in Receivables	-	-
(Increase)/Decrease in Inventories	-	-
Increase/(Decrease) in GST	-	-
Increase/(Decrease) in Payables	-	-
<b>Net Cash from Operating Activities</b>	<u>1,536,602</u>	<u>( 2,072 )</u>

**MURCHISON REGIONAL VERMIN COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**13 CONTINGENT LIABILITIES**

The Regional Council did not have any contingent liabilities as at 30 June 2011.

**14 CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

The Regional Council has no finance lease commitments as at 30 June 2011.

**(b) Operating Lease Commitments**

The Regional Council has no operating lease commitments as at 30 June 2011.

**(c) Capital Expenditure Commitments**

The Regional Council has no capital expenditure commitments as at 30 June 2011.

**15 JOINT VENTURE**

The Regional Council is not involved in any joint venture as at 30 June 2011.

**16 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2012	2011
	\$	\$
Economic Services	48,233	193,529
	<u>48,233</u>	<u>193,529</u>

**17 TRUST FUNDS**

The Regional Council does not have any trust funds as at 30 June 2011.

**18 SPECIFIED AREA RATES**

The Regional Council did not impose any such rate or charges.

**19 SERVICE CHARGES**

The Regional Council did not impose any service charges under the provisions of the Local Government Act.



**MURCHISON REGIONAL VERMIN COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**20. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2010/11 FINANCIAL YEAR**

The Regional Council did not provide any discounts, incentives, or concessions.

**21. INTEREST CHARGES AND INSTALMENTS**

The Regional Vermin Council did not impose any such charges.

**22. COUNCILLORS' REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

	<b>Actual 2011 \$</b>	<b>Actual 2010 \$</b>
Meeting Fees	4,480	4,960
Chairman's Allowance	500	500
	4,980	5,460

**23. FEES & CHARGES**

**(a) Fence rents**

	<b>Actual</b>	<b>2012 Budget</b>	<b>2011 Actual</b>
No 1 fence - East side	\$7.294 per mile	\$7.294 per mile	\$7.294 per mile
No 1 fence - West side	\$12.504 per mile	\$12.504 per mile	\$12.504 per mile
No 2 fence - North side	\$7.294 per mile	\$7.294 per mile	\$7.294 per mile
No 2 fence - South side	\$12.504 per mile	\$12.504 per mile	\$12.504 per mile
<b>Yields</b>	5,900		5,803

**(b) Precepts**

	2.7813c in \$UV	2.7813c in \$UV	2.7813c in \$UV
<b>Yields</b>	29,700		29,644

**(c) Fees & Charges - By Function**

	<b>2012 \$</b>	<b>2011 \$</b>
Economic Services	5,900	5,803

**24. Contributions/Grants**

**Operational Grants**

Subsidy - Agriculture WA	28,000	28,000
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**25. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2012</b>	<b>2011</b>
	-	-

**MURCHISON REGIONAL VERMIN COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**26. FINANCIAL RISK MANAGEMENT**

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	143	7,627	143	7,627
Receivables	-	-	-	-
	<u>143</u>	<u>7,627</u>	<u>143</u>	<u>7,627</u>
<b>Financial Liabilities</b>				
Payables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.

**MURCHISON REGIONAL VERMIN COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

26. **FINANCIAL RISK MANAGEMENT (Continued)**  
**(a) Cash and Cash Equivalents**

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council.

Cash are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio. Council also seeks advice from independent advisers (where applicable) before placing any cash.

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash:		
- Equity	150	152
- Income Statement	150	152