2013/2014
ANNUAL REPORT

ADOPTED BY COUNCIL
20 OCTOBER 2014

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SECTION 1

ADMINISTRATION OFFICE

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INTRODUCTION

The Murchison Regional Vermin Council (MRVC) is a statutory organisation which operates under the provisions of the Local Government Act 1995. The MRVC was established in 1963 for the purpose of rehabilitation and maintenance of the No.1 and No 2 Vermin Fences.

The No.1 Vermin Fence was completed in 1907 and at the time was the longest unbroken line of vermin fence in the world. The No.1 Fence runs from Starvation Boat Harbour on the South Coast of Western Australia to a point near Cape Keraudren on the North West Coast. The fence was built in an endeavour to stem the movement of rabbits from the east into the agricultural areas of Western Australia. Today the fence remains as an important barrier for the control of wild dogs moving from the east into the Southern Rangelands and agricultural areas.

Member Councils	Shires of Cue, Sandstone, Meekatharra, Yalgoo and Mount Magnet.
Fence Length	No 1 Vermin Fence: From the 80 mile peg in the South (Lake Moore), to the 426 mile peg north of where the fence intersects the Meekatharra/Wiluna Road. Total length 555 km. No 2 Vermin Fence: Starting at the 166.6 mile peg on the No 1 Vermin Fence heading in a westerly direction. Total length 72km.
Elected Members	Two (2) delegates from each of the five councils; total number of members ten.

President	Jason Homewood	Shire of Mount Magnet
Deputy President	Neil Grinham	Shire of Yalgoo
Delegates	Joe O'Brien	Shire of Mount Magnet
	Roger Le Maitre	Shire of Cue
	Martin King	Shire of Cue
	Harvey Nichols	Shire of Meekatharra
	Peter Clancy	Shire of Meekatharra
	Carol Hodshon	Shire of Sandstone
	Alan Bloore	Shire of Sandstone
	Bob Grinham	Shire of Yalgoo

Operating Revenue	$96,000
No. of Employees	Nil

PRESIDENT'S REPORT

It gives me great pleasure to present the 2013/2014 Annual Report for the Murchison Regional Vermin Council (MRVC). The last twelve months have been very significant thanks to Royalties for Regions program funding of $1,021,675 made available to extend the No 2 Vermin Fence in a westerly direction by a distance of 100 km. This extension is the first step in the construction of the Murchison Region Vermin Cell and follows on from the construction by the MRVC of 171 km of new fencing in 2012/2013.

The $1,021,675 in funding obtained was achieved as a result of the Shires of Yalgoo, Sandstone, Mount Magnet, Cue and Wiluna pooling their 2012/2013 Country Local Government Fund (CLGF) group allocations. It is very pleasing that by working cooperatively together such a significant level of funding was achieved.

Work on the extension of the No 2 Vermin Fence is expected to be completed in April 2015. Separate tenders for the supply of fencing materials, clearing and grading of the fence alignment and construction of the fencing will be called to carry out the works, with the first tender awarded in August 2014.

The major future challenge for the Southern Rangelands and pastoral industry generally is the completion of the Murchison Region Vermin Cell which will enclose some 88,000 km^2 of grazing country involving 55 pastoral properties. Funding of $4.8 Million is being sought by the Shire of Mount Magnet under the Mid West Development Commission Investment Plan for construction of an additional 380 km of fencing that will follow property boundaries and thus complete the Murchison Region Vermin Cell. This new 380 km section of fencing will be maintained by the Meekatharra Rangelands Biosecurity Association.

To my fellow Councillors who serve on the MRVC I offer my thanks for your commitment and wisdom. The practical way new fencing works are planned and the input from all is much appreciated. To the staff of the Shire of Mount Magnet I also offer my thanks for their assistance over the last financial year and in particular thank all member Councils for their agreement to double their precepts to help ensure that the No 1 and No 2 Vermin Fences are maintained to a dog proof standard, on a sustainable and ongoing basis.

The 2013/2014 financial year has been a successful year for the MRVC and I believe has laid the foundations for some major advances in the control of wild dogs in the Southern Rangelands.

Jason Homewood
PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT

LOCAL GOVERNMENT ACT AND OTHER STATUTORY REQUIREMENTS

During 2013/2014 Council was required to meet certain statutory obligations under the Local Government Act and other Legislation. Council has complied with these requirements, which include-

- Submission of Annual Returns (Financial Disclosures) by Councillors and the Chief Executive Officer
- Annual Financial Statements
- Annual Report on Council's Activities
- Review of Delegations
- Adoption of Budget

STRATEGIC COMMUNITY PLAN AND CORPORATE BUSINESS PLAN

Under Local Government Integrated Planning and Reporting requirements a Strategic Community Strategic Plan and Corporate Business Plan/Asset Management Plan has been prepared and is available on the Shire of Mount Magnet web site www.mtmagnet.wa.gov.au.

NATIONAL COMPETITION POLICY

The Council undertook no activity during the year in which competition neutrality was considered to be an issue.

FREEDOM OF INFORMATION ACT

During 2013/2014 Council received no requests for information under the Freedom of Information Act.

PUBLIC INTEREST DISCLOSURE ACT

During 2013/2014 Council received no disclosures or complaints lodged under the Public Interest Disclosure Act 2003.

The Shire of Mount Magnet Chief Executive Officer is the designated responsible officer under the Act.

STATE RECORDS ACT 2000

Council's electronic and other record keeping systems are practical, effective and believed to be compliant with the State Records Act 2000.

G. Brooks

Geoff Brooks
CHIEF EXECUTIVE OFFICER

MURCHISON REGION VERMIN COUNCIL

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business:
Shire of Mount Magnet
PO Box 62
Lot 163 Hepburn Street
Mount Magnet WA 6638

MURCHISON REGION VERMIN COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Murchison Region Vermin Council being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Murchison Region Vermin Council at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 25th day of September 2014

G Brooks

Geoff Brooks
CHIEF EXECUTIVE OFFICER

MURCHISON REGION VERMIN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 $	2014 Budget $	2013 $
Revenue				
Precepts	27	61,995	0	29,998
Subsidy - Agriculture WA	28	28,840	28,840	28,000
Fees and Charges	27	6,012	66,956	5,837
Interest Earnings	2(a)	4,047	355	23,495
		100,894	96,151	87,330
Expenses				
Materials and Contracts		(64,741)	(86,950)	(50,742)
Depreciation on Non-Current Assets	2(a)	(33,008)	(32,899)	(62,594)
Other Expenditure		0	0	(2,377)
		(97,749)	(119,849)	(115,713)
		3,145	(23,698)	(28,382)
Non-Operating Grants, Subsidies and Contributions	28	542,828	1,023,000	0
NET RESULT		**545,973**	**999,302**	**(28,382)**
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	0	0	0
Total Other Comprehensive Income		**0**	**0**	**0**
Total Comprehensive Income		**545,973**	**999,302**	**(28,382)**

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

MURCHISON REGION VERMIN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 $	2014 Budget $	2013 $
Revenue				
Economic Services		100,894	96,151	87,330
	2(a)	100,894	96,151	87,330
Expenses				
Governance		(6,624)	(20,000)	(25,924)
Economic Services		(91,125)	(99,849)	(89,788)
	2(a)	(97,749)	(119,849)	(115,712)
Non-Operating Grants, Subsidies and Contributions				
Economic Services		542,828	1,023,000	0
		542,828	1,023,000	0
Net Result		**545,973**	**999,302**	**(28,382)**
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	0
Total Other Comprehensive Income		**0**	**0**	**0**
Total Comprehensive Income		**545,973**	**999,302**	**(28,382)**

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

MURCHISON REGION VERMIN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 $	2013 $
CURRENT ASSETS			
Cash and Cash Equivalents	3	637,482	65,245
Trade and Other Receivables	4	1,784	46,312
Inventories	5	10,060	620,220
TOTAL CURRENT ASSETS		649,326	731,777
NON-CURRENT ASSETS			
Infrastructure	7	1,601,083	965,641
TOTAL NON-CURRENT ASSETS		1,601,083	965,641
TOTAL ASSETS		2,250,409	1,697,418
CURRENT LIABILITIES			
Trade and Other Payables	8	60,163	53,145
TOTAL CURRENT LIABILITIES		60,163	53,145
TOTAL LIABILITIES		60,163	53,145
		2,190,246	1,644,273
EQUITY			
Retained Surplus		2,190,246	1,644,273
TOTAL EQUITY		2,190,246	1,644,273

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

MURCHISON REGION VERMIN COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	RETAINED SURPLUS $	RESERVES CASH BACKED $	REVALUATION SURPLUS $	TOTAL EQUITY $
Balance as at 1 July 2012		**1,672,655**	**0**	**0**	**1,672,655**
Comprehensive Income					
Net Result		(28,382)	0	0	(28,382)
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		(28,382)	0	0	(28,382)
Transfers from/(to) Reserves		0	0	0	0
Balance as at 30 June 2013		**1,644,273**	**0**	**0**	**1,644,273**
Comprehensive Income					
Net Result		545,973	0	0	545,973
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		545,973	0	0	545,973
Transfers from/(to) Reserves		0	0	0	0
Balance as at 30 June 2014		**2,190,246**	**0**	**0**	**2,190,246**

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

MURCHISON REGION VERMIN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 $	2014 Budget $	2013 $
Cash Flows From Operating Activities				
Receipts				
Grants & Subsidies - Operating		0	0	28,000
Contributions, Reimbursements & Donations		28,144	28,840	29,998
Fees and Charges		6,012	66,956	4,759
Interest Earnings		4,047	355	23,495
Goods and Services Tax		45,224	0	27,671
		145,422	96,151	113,923
Payments				
Materials and Contracts		496,354	(86,950)	(70,678)
Goods and Services Tax		56,083	0	0
		552,437	(86,950)	(70,678)
Net Cash Provided By (Used In) Operating Activities	13(b)	697,859	9,201	43,246
Cash Flows from Investing Activities				
Payments for Construction of Infrastructure		(668,449)	(523,000)	(738,522)
Non-Operating Grants, Subsidies and Contributions		542,828	1,023,000	0
Net Cash Provided by (Used in) Investment Activities		(125,621)	500,000	(738,522)
Cash Flows from Financing Activities				
Repayment of Debentures		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		0	0	0
Net Cash Provided By (Used In) Financing Activities		0	0	0
Net Increase (Decrease) in Cash Held		572,238	509,201	(695,276)
Cash at Beginning of Year		65,244	17,147	760,520
Cash and Cash Equivalents at the End of the Year	13(a)	637,482	526,348	65,244

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

MURCHISON REGION VERMIN COUNCIL
FEE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014

		NOTE	2014 Actual $	2014 Budget $	2013 Actual $
	Revenue				
	Economic Services		643,722	96,151	87,330
			643,722	96,151	87,330
	Expenses				
	Governance		(6,624)	(20,000)	(25,924)
	Economic Services		(91,125)	(99,849)	(89,788)
			(97,749)	(119,849)	(115,712)
	Net Result Excluding Rates		545,973	(23,698)	(28,382)
	Adjustments for Cash Budget Requirements:				
	Initial Recognition of Assets Due to Change to Regulations				
	- Land		0	0	0
	(Profit)/Loss on Asset Disposals	20	0	0	0
	Depreciation and Amortisation on Assets	2(a)	33,009	32,899	62,594
	Capital Expenditure and Revenue				
	Purchase Fencing	7(a)	0	(523,000)	0
	Purchase Fencing R4R	7(a)	(668,449)	0	(658,317)
	Transfers to Reserves (Restricted Assets)	11	0	(10,000)	0
	Transfers from Reserves (Restricted Assets)	11	0	0	0
ADD	Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	678,631	19,737	1,302,735
LESS	Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	589,164	508,081	678,631
	Total Amount Raised from General Rate	22(a)	0	0	0

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

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 which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19. to these financial statements.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable.
The net amount of GST recoverable from, or payable to, the ATO is included with receivables or 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 ATO are presented as operating cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other 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.

(e) Inventories

General

Inventories are measured 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.

Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
  (i) that are plant and equipment; and
  (ii) that are -
    (I) land and buildings; or-
    (II) Infrastructure;
and
(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates
All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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 by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation
Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Transitional Arrangements
During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement
Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in *AASB 13* - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads
In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under $2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach
Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach
Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement
Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments and any reduction for impairment; and

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(i) Financial assets at fair value through profit and loss
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. 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 and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment
A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets
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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) Trade and Other Payables
Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) 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 until such time as the asset is substantially ready for its intended use or sale.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) 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 Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(o) Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) 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(c). 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 operations for the current reporting period.

(r) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(s) 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 the 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 sale where it is held as non-current based on the Council's intentions to release for sale.

(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.

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable [1]	Impact
(i)	AASB 9 – Financial Instruments	December 2013	1 January 2017	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 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	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).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable [1]	Impact
(iii)	AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council’s financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable [1]	Impact
(v)	AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets. It is not expected to have a significant impact on Council.
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:
[1] Applicable to reporting periods commencing on or after the given date.

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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, 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.

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

	2014 $	2013 $
Auditors Remuneration		
- Audit of the annual financial report	4,711	5,129
Depreciation		
Fencing R4R	33,008	62,594
	33,008	62,594

(ii) Crediting as Revenue:

	2014 Actual $	2014 Budget $	2013 Actual $
Interest Earnings			
- Other Funds	4,047	355	23,495
	4,047	355	23,495

(b) Statement of Objective

Murchison Regional Vermin Council is dedicated to providing high quality services to the community through the various service oriented programs which it has established.

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

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
Objective:
Provision of Vermin Control in Rural areas through the maintenance and upgrade of vermin control fencing.

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (1) 1/07/12 $	Received (2) 2012/13 $	Expended (3) 2012/13 $	Closing Balance (1) 30/06/13 $	Received (2) 2013/14 $	Expended (3) 2013/14 $	Closing Balance 30/06/14 $
Fence Maintenance Contribution MRBA	Economic Services	0	28,000	(28,000)	**0**	0	0	**0**
RFR Fence Repair	Economic Services	697,191	0	(697,191)	**0**	0	0	**0**
Meekatharra Rangelands Biosecurity	Economic Services	0	0	0	**0**	28,840	(28,840)	**0**
CLGF Regrional Groups	Economic Servic	0	0	0	**0**	597,111	0	**597,111**
Total		**697,191**	**28,000**	**(725,191)**	**0**	**625,951**	**(28,840)**	**597,111**

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

	Note	2014 $	2013 $
3. CASH AND CASH EQUIVALENTS			
Unrestricted		40,371	65,245
Restricted		597,111	0
		637,482	65,245
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Unspent Grants	2(c)	597,111	0
		597,111	0

4. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Sundry Debtors	7,161	6,465
GST Receivable	0	45,224
Provision for Doubtful Debts	(5,377)	(5,377)
	1,784	46,312

5. INVENTORIES

	2014 $	2013 $
Current		
Fuel and Materials	10,060	620,220
	10,060	620,220

6. PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and Equipment at:		
- Management Valuation 2013	9,119	9,119
Less Accumulated Depreciation	(9,119)	(9,119)
	0	0

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

		Balance at the Beginning of the Year $	Additions $	(Disposals) $	Revaluation Increments/ (Decrements) $	Impairment (Losses)/ Reversals $	Depreciation (Expense) $	Carrying Amount at the End of Year $
Plant and Equipment	(Level 2)	0	0	0	0	0	0	0
Total Property, Plant and Equipment		**0**	**0**	**0**	**0**	**0**	**0**	**0**

7. INFRASTRUCTURE

	2014 $	2013 $
Fencing		
- Cost	3,127,393	3,127,393
Less Accumulated Depreciation	(3,127,393)	(3,127,393)
	0	0
Fencing R4R		
- Cost	1,650,381	981,932
Less Accumulated Depreciation	(49,298)	(16,291)
	1,601,083	965,641
	1,601,083	965,641

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

		Balance as at the Beginning of the Year $	Additions $	(Disposals) $	Revaluation Increments/ (Decrements) $	Impairment (Losses)/ Reversals $	Depreciation (Expense) $	Carrying Amount at the End of Year $
Fencing R4R	(Level ?)	965,641	668,449	0	0	0	(33,008)	1,601,082
Total		**965,641**	**668,449**	**0**	**0**	**0**	**(33,008)**	**1,601,082**

8. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Current		
Sundry Creditors	580	49,145
ATO Liabilities	56,083	0
Accrued Expenses	3,500	4,000
	60,163	53,145

9. LONG-TERM BORROWINGS

The Regional Council did not have any long term borrowings at the reporting date.

10. PROVISIONS

The Regional Council did not have any provisions at the reporting date.

11. RESERVES - CASH BACKED

	2014 $	2014 Budget $	2013 $
(a) Fence Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	10,000	0
Amount Used / Transfer from Reserve		0	0
	0	10,000	0
TOTAL RESERVES	0	10,000	0
Total Opening Balance	0	0	0
Total Amount Set Aside / Transfer to Reserve	0	10,000	0
Total Amount Used / Transfer from Reserve	0	0	0
TOTAL RESERVES	0	10,000	0

The Regional Council did not have any reserves at the reporting date.

(a) Fence Reserve
- Reserve established to allow for expenditure on the Fence in an emergency situation

12. REVALUATION SURPLUS

	2014 $	2013 $
TOTAL ASSET REVALUATION SURPLUS	0	0

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2014 $	2014 Budget $	2013 $
Cash and Cash Equivalents	637,482	526,348	65,244

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

	2014 $	2014 Budget $	2013 $
Net Result	545,973	999,302	(28,382)
Depreciation	33,008	32,899	62,594
(Profit)/Loss on Sale of Asset	0	0	0
(Increase)/Decrease in Receivables	44,528	3,465	1,299
(Increase)/Decrease in Inventories	610,160	3,000	0
Increase/(Decrease) in Payables	7,018	0	(19,936)
Grants Contributions for the Development of Assets	(542,828)	(1,023,000)	0
Loss on Revaluation of Fixed Assets	0	0	0
Non-Current Assets recognised due to changes in legislative requirements	0	0	27,671
Net Cash from Operating Activities	697,859	15,666	43,246

14. CONTINGENT LIABILITIES

The Regional Council did not have any contingent liabilities as at 30th June 2014.

	2014	2013
15. CAPITAL AND LEASING COMMITMENTS	**$**	**$**

(a) Operating Lease Commitments

The Regional Council did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Regional Council did not have any future capital expenditure commitments at the reporting date.

16. JOINT VENTURE ARRANGEMENTS

The Regional Council is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	$	**$**
Economic Services	2,250,409	1,699,795
	2,250,409	1,699,795

18. FINANCIAL RATIOS

	2014	2013	2012
Current Ratio	0.87	13.81	18.83
Asset Sustainability Ratio	0.00		
Debt Service Cover Ratio	Enter Figures	0.00	0.04
Operating Surplus Ratio	0.04		
Own Source Revenue Coverage Ratio	0.74		

The above ratios are calculated as follows:

Current Ratio	current assets minus restricted assets / current liabilities minus liabilities associated with restricted assets
Asset Sustainability Ratio	capital renewal and replacement expenditure / Depreciation expenses
Debt Service Cover Ratio	annual operating surplus before interest and deprecia / principal and interest
Operating Surplus Ratio	operating revenue minus operating expenses / own source operating revenue
Own Source Revenue Coverage Ratio	own source operating revenue / operating expenses

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 56 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling $1,235,000 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

These items form part of operating revenue and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	10.29
Operating Surplus Ratio	(0.07)

19. TRUST FUNDS

The Regional Council did not have any trust funds as at 30 June 2014

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The Regional Council did not dispose of any assets in the year as at 30 June 2014

21. INFORMATION ON BORROWINGS

The Regional Council did not have any borrowings as at 30 June 2014

19. TRUST FUNDS

The Regional Council did not have any trust funds as at 30 June 2014

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The Regional Council did not dispose of any assets in the year as at 30 June 2014

21. INFORMATION ON BORROWINGS

The Regional Council did not have any borrowings as at 30 June 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward) $	2014 (1 July 2013 Brought Forward) $	2013 (30 June 2013 Carried Forward) $
Surplus/(Deficit) 1 July 13 Brought Forward	589,164	678,631	678,631
Comprises:			
Cash and Cash Equivalents			
Unrestricted	40,371	65,244	65,244
Restricted	597,111	0	0
Receivables			
Sundry Debtors	7,162	1,088	1,088
GST Receivable	0	45,224	45,224
Provision for Doubtful Debts	(5,377)	0	0
Inventories			
Fuel and Materials	10,060	620,220	620,220
Less:			
Trade and other Payables			
Sundry Creditors	(580)	(49,145)	(49,145)
ATO Liabilities	(56,083)	0	0
Accrued Expenses	(3,500)	(4,000)	(4,000)
Net Current Assets	**589,164**	**678,631**	**678,631**
Less:			
Reserves - Restricted Cash	0	0	0
Surplus/(Deficit)	**589,164**	**678,631**	**678,631**

Difference
There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Regional Council did not have any specific rates in the year ended 30 June 2014

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Regional Council did not have any service charges in the year ended 30 June 2014

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2013/14 FINANCIAL YEAR

The Regional Council did not have any discounts, incentives, concessions or write-offs in the year ended 30 June 2014

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

The Regional Council does not have any borrowings as at 30 June 2014

		2014	2013
27.	**FEES & CHARGES**	**$**	**$**
(a)	***Fence rents***		
	No 1 fence - East side	$4.854 per km	$7.294 per mile
	No 1 fence - West side	$8.487 per km	$12.504 per mile
	No 2 fence - North side	$4.854 per km	$7.294 per mile
	No 2 fence - South side	$8.487 per km	$12.504 per mile
	Yields	**6,012**	**5,837**
(b)	***Precepts***	2.7813c in $UV	2.7813c in $UV
	Yields	**61,995**	**29,998**

28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2014	2013
By Nature or Type:	**$**	**$**
Operating Grants, Subsidies and Contributions	28,840	28,000
Non-Operating Grants, Subsidies and Contributions	542,828	0
	571,668	28,000
By Program:		
Economic Services	571,668	28,000
	571,668	28,000

29. EMPLOYEE NUMBERS

	2014	2013
The number of full-time equivalent employees at balance date	0	0

30. ELECTED MEMBERS REMUNERATION

	2014 $	2014 Budget $	2013 $
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	6,124	3,670	3,640
President's Allowance	500	1,170	1,620
	6,624	4,840	5,260

31. MAJOR LAND TRANSACTIONS

The Regional Council did not participate in any major land transactions during the 2013/14 financial year

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Regional Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

33. 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:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	$	$	$	$
Financial Assets				
Cash and cash equivalents	637,482	65,244	637,482	65,244
Receivables	1,784	46,312	1,784	48,689
	639,266	111,556	639,266	113,933
Financial Liabilities				
Payables	60,163	53,145	60,163	53,145
	60,163	53,145	60,163	53,145

Fair value is determined as follows:

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

• Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

• Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents
Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments 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 and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014 $	2013 $
Impact of a 10% (1) movement in interest rates on cash		
- Equity	63,748	28,382
- Statement of Comprehensive Income	63,748 (2)	28,382 (*)

Notes:

(1) Sensitivity percentages based on management's expectation of future possible market movements.

(2) Maximum impact.

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2014	2013
Percentage of Other Receivables		
- Current	0%	0%
- Overdue	100%	100%

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year $	Due between 1 & 5 years $	Due after 5 years $	Total contractual cash flows $	Carrying values $
2014					
Payables	60,163	0	0	60,163	60,163
	60,163	0	0	60,163	60,163
2013					
Payables	49,145	0	0	49,145	49,145
	49,145	0	0	49,145	49,145

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year $	>1<2 years $	>2<3 years $	>3<4 years $	>4<5 years $	>5 years $	Total $	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	0	0	0	
Weighted Average Effective Interest Rate								
Year Ended 30 June 2013								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	0	0	0	
Weighted Average Effective Interest Rate								

Anderson Munro & Wylie
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE MURCHISON REGIONAL VERMIN COUNCIL

Scope

We have audited the financial report of Murchison Regional Vermin Council for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Murchison Regional Vermin Council. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

Anderson Munro & Wyllie are independent of the Murchison Regional Vermin Council, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of the Murchison Regional Vermin Council are properly drawn up:

a) So as to give a true and fair view of the state of affairs of the Council as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
b) In accordance with the requirements of the Local Government Act 1995; and
c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
c) We have obtained all necessary information and explanations in relation to our audit.
d) Our audit procedures were all satisfactorily completed.
e) In relation to the Supplementary Ration Information presented at page 48 of this report, we have reviewed the calculations as presented and in our opinion these are:
   i) Based on verifiable information, and
   ii) Reasonable assumptions.

Dated the 25th day of September 2014 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie

ANDERSON MUNRO & WYLLIE
Chartered Accountants

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.50027448	0.44735284	N/A
Asset Renewal Funding Ratio	1	1	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\dfrac{\text{depreciated replacement cosats of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\dfrac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.