

ANNUAL REPORT

2010-2011



TABLE OF CONTENTS

SECTION 1	3
GENERAL INFORMATION	3
PRESIDENT'S REPORT	4
CHIEF EXECUTIVE OFFICER'S REPORT	5
SECTION 2	7
STATEMENT BY CHIEF EXECUTIVE OFFICER	7



SECTION 1

GENERAL INFORMATION

ADMINISTRATION OFFICE

Shire of Mount Magnet

Address

Lot 163 Hepburn Street
MOUNT MAGNET WA 6638

Telephone

08 9963 3000

Postal Address

PO Box 62
MOUNT MAGNET WA 6638

Facsimile

08 9963 4133

OTHER

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 Vermin Fence.

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 rabbit hordes from eating their way west across from the other side of Australia. Today the fence remains as an important barrier for the pastoralists in the region.

Collaborating Councils: Shires of Cue, Sandstone, Meekatharra, Yalgoo and Mount Magnet

Fence Area: From the 80 mile peg in the South (Lake Moore), to the 426 mile peg in the North Wiluna/Neds Creek Road.

Members: Two (2) delegates from each of the five (5) councils; total number of members ten (10).

DELEGATES

PRESIDENT Murray McQuie Shire of Sandstone

DELEGATES Carol Hodshon..... Shire of Sandstone
David Jones..... Shire of Mount Magnet
Jorgen Jensen..... Shire of Mount Magnet
Terry Iturbide Shire of Yalgoo
Laurence Hodder Shire of Yalgoo
Michael Clinch Shire of Cue
Morry Seivwright..... Shire of Cue
Harvey Nichols Shire of Meekatharra
Ross Howden Shire of Meekatharra

Number of Employees: 0

SIGNIFICANT LOCAL EVENTS

In December 2010 and January 2011 significant rainfall caused localised flooding, which washed out sections of the fence.

PRESIDENT'S REPORT



It gives me great pleasure to present the 2010/2011 Annual Report for the Murchison Regional Vermin Council (MRVC). The last twelve months have been very significant in that thanks to the Royalties for Regions program funding of nearly \$1.6 Million is available to upgrade sections of the No 1 Vermin Fence. This is the first time in many years that Council has been in a position to do more than carry out routine maintenance work.

The \$1.6 Million in funding obtained was achieved as a result of all member Councils pooling their 2010/2011 Country Local Government Fund regional allocations. It is very pleasing that by working cooperatively together such a significant level of funding has been achieved.

The first part of the upgrade work will be clearing along sections of the fence line which is expected to commence in early 2012. Reconstruction works and further clearing will commence shortly thereafter and carry through to the end of 2012. Once the upgrade is completed the No 1 Vermin Fence will provide a far more effective barrier to the movement of wild dogs into our pastoral areas.

To my fellow Councillors who serve on the MRVC I offer my thanks for your commitment and wisdom. The practical way the upgrade works are being planned and the input from all is much appreciated. In particular, I pay tribute to the late Cr David Jones who was tragically killed in a motor vehicle accident in August 2011. Cr Jones's commitment to the MRVC and practical approach to the task of maintaining the No.1 Vermin Fence was highly valued by all. I also offer my thanks to the staff of the Shire of Mount Magnet for their assistance over the last financial year.

Special mention needs to be made of Tony and Andrea Sievwright who have done an excellent job maintaining the fence over the last twelve months. They work under very difficult conditions without complaint and I very much appreciate their efforts.

The 2010/2011 has been a successful year for the MRVC and I believe has laid the foundations for some major improvements in the effectiveness of the No 1 Vermin Fence.

A handwritten signature in black ink, appearing to read 'Murray McQuie'.

Cr Murray McQuie
PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT

LOCAL GOVERNMENT ACT AND OTHER STATUTORY REQUIREMENTS

During 2010/2011 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 Senior Officers
- Annual Financial Statements
- Annual Report on Council's Activities
- Review of Delegations
- Review of Policies
- Review of Code of Conduct
- Adoption of Budget
- Adoption of Council's Information Statement under the Freedom of Information Act and preparation of Annual Report
- Annual Report required by the Equal Opportunity Commission
- Annual Report required by the Disability Services Commission
- Annual Report required by the Public Interest Disclosure Act
- Annual Report required by the Anti Corruption Commission
- Keeping of Records as required by the State Records Act

STATUTORY REPORTING REQUIREMENTS

The following are statutory reporting requirements for inclusion in Council's Annual Report.

PLAN FOR THE FUTURE

Council adopted a Plan for the Future in May 2006. The Plan for the Future is reviewed on a regular basis.

NATIONAL COMPETITION POLICY

The financial reporting regulations require governments to report on National Competition Policy matters as they relate to individual Councils. Our overview of Council practices and local laws indicate that we are compliant in all aspects with this policy.

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

PUBLIC INTEREST DISCLOSURE ACT

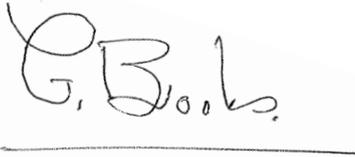
During 2010/2011 Council received no disclosures or complaints lodged under the Public Interest Disclosure Act 2003.

The Shire of Mount Magnet Senior Finance Officer is the designated responsible officer under the Act.

STATE RECORDS ACT 2000

Council's position with respect to the State Records Act is as follows:

- Council's electronic and other record keeping systems are practical and are believed to be effective.
- Record keeping training has occurred and is arranged on an ongoing basis.
- The effectiveness and efficiency of record keeping training will be assessed as required.
- Council's induction/training of staff includes compliance with Council's record keeping plan.

A handwritten signature in black ink, appearing to read 'G. Brooks', is written above a horizontal line.

Geoff Brooks
CHIEF EXECUTIVE OFFICER

SECTION 2

FINANCIAL REPORT

MURCHISON REGIONAL VERMIN COUNCIL

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	5
Statement of Cash Flows	6
Fee Setting Statement	7
Notes to and Forming Part of the Financial Report	8 to 29
Independent Audit Report	30

MURCHISON REGIONAL VERMIN COUNCIL

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Murchison Regional Vermin Council being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Murchison Regional Vermin Council at 30th June 2011 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 1985 and the regulations under that Act.

Signed on the 2nd day of December 2011



Geoff Brooks
Chief Executive Officer

**MURCHISON REGIONAL VERMIN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Precepts		28,844	29,000	28,844
Subsidy - Agriculture WA	24	28,000	28,000	28,000
Fees and Charges	23(c)	5,803	5,900	5,803
Interest Earnings	2(a)	5	250	4
Council Revenue		<u>0</u>	<u>400,000</u>	<u>90,909</u>
		62,652	463,150	153,560
EXPENSES				
Materials and Contracts		(69,765)	(83,915)	(85,366)
Depreciation	2(a)	(63,854)	(60,000)	(65,166)
Doubtful Debts		(3,000)	0	0
Interest Payable	2(a)	<u>(502)</u>	<u>0</u>	<u>0</u>
		<u>(137,121)</u>	<u>(143,915)</u>	<u>(150,532)</u>
NET RESULT		(74,469)	319,235	3,028
Other Comprehensive Income				
GST adjustment 2008/2009		0	0	652
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>652</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(74,469)</u></u>	<u><u>319,235</u></u>	<u><u>3,680</u></u>

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

**MURCHISON REGIONAL VERMIN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Economic Services		62,652	463,150	153,560
	2 (a)	<u>62,652</u>	<u>463,150</u>	<u>153,560</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(24,430)	(35,979)	(37,633)
Economic Services		(112,691)	(107,936)	(112,899)
	2 (a)	<u>(137,121)</u>	<u>(143,915)</u>	<u>(150,532)</u>
NET RESULT		(74,469)	319,235	3,028
Other Comprehensive Income				
GST adjustment 2008/2009		0	0	652
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>652</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(74,469)</u></u>	<u><u>319,235</u></u>	<u><u>3,680</u></u>

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

**MURCHISON REGIONAL VERMIN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,120	3,060
Trade and Other Receivables	4	1,699	14,320
Inventories	5	2,156	5,076
TOTAL CURRENT ASSETS		<u>5,975</u>	<u>22,456</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	0	1,306
Infrastructure	7	112,087	174,635
TOTAL NON-CURRENT ASSETS		<u>112,087</u>	<u>175,941</u>
TOTAL ASSETS		<u>118,062</u>	<u>198,397</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	12,726	18,592
TOTAL CURRENT LIABILITIES		<u>12,726</u>	<u>18,592</u>
TOTAL LIABILITIES		<u>12,726</u>	<u>18,592</u>
NET ASSETS		<u>105,336</u>	<u>179,805</u>
EQUITY			
Retained Surplus		105,336	179,805
TOTAL EQUITY		<u>105,336</u>	<u>179,805</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	RETAINED SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2009		176,125	176,125
Net Result		3,680	3,680
Total Other Comprehensive Income		0	0
Balance as at 30 June 2010		<u>179,805</u>	<u>179,805</u>
Net Result		(74,469)	(74,469)
Total Other Comprehensive Income		0	0
Balance as at 30 June 2011		<u>105,336</u>	<u>105,336</u>

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

**MURCHISON REGIONAL VERMIN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Grants and Subsidies - Operating		28,844	28,000	28,000
Contributions, Reimbursements & Donations		28,000	29,000	28,844
Fees and Charges		18,748	5,900	5,803
Interest Earnings		5	250	4
Goods and Services Tax		(324)	0	13,126
Other Revenue		0	400,000	90,909
		<u>75,273</u>	<u>463,150</u>	<u>166,686</u>
Payments				
Materials and Contracts		(65,110)	(83,915)	(75,327)
Doubtful Debts		(3,000)	0	0
Interest Payable		(502)	0	0
Goods and Services Tax		(7,601)	0	(12,837)
Depreciation		0	0	0
Change in Payables		0	0	(13,749)
		<u>(76,213)</u>	<u>(83,915)</u>	<u>(101,913)</u>
Net Cash Provided By (Used In)				
Operating Activities	12(b)	<u>(940)</u>	<u>379,235</u>	<u>64,773</u>
Cash Flows from Investing Activities				
Payments for Construction of Infrastructure		0	(400,000)	(78,160)
Payments for Purchase of Plant & Equipment		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In)				
Investing Activities		0	(400,000)	(78,160)
Net Increase (Decrease) in Cash Held				
		(940)	(20,765)	(13,387)
Cash at Beginning of Year		3,060	23,479	16,447
Cash and Cash Equivalents				
at the End of the Year	12(a)	<u><u>2,120</u></u>	<u><u>2,714</u></u>	<u><u>3,060</u></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 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Economic Services		<u>62,652</u>	<u>463,150</u>
		62,652	463,150
EXPENSES			
Governance		(24,430)	(35,979)
Economic Services		<u>(112,691)</u>	<u>(107,936)</u>
		(137,121)	(143,915)
 Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
Depreciation on Assets		63,854	60,000
Capital Expenditure and Revenue			
Purchase Infrastructure Assets - Fencing		0	(400,000)
Purchase Property, Plant and Equipment		<u>0</u>	<u>0</u>
Funding required from retained earnings		<u><u>(10,615)</u></u>	<u><u>(20,765)</u></u>
 Retained Funds			
Opening Funds		3,060	23,479
Less Closing Funds		<u>(2,120)</u>	<u>(2,714)</u>
		<u><u>940</u></u>	<u><u>20,765</u></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 2011**

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 statement which has 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.

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 the 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.

(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 statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

Collectibility 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.

**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)

(f) 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 Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional 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

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

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 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 overhead.

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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

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 materially from that determined using fair value at reporting 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)

(g) 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 AASB1051 - 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.

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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

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

**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)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an expense.

(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 (ie 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.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

**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)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount
- (b) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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.

(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 in 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 and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the 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.

**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)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) 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 reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting 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 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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 statement of comprehensive income.

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.

(k) 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 and are usually paid within 30 days of recognition.

(l) 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 Council has a present obligation to pay resulting from employees services provided to reporting 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 the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) 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.

**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)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) 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.

Provisions are not recognised for future operating losses.

(o) 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 equal to the present

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.

(p) Joint Venture

The Council'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 appropriate line items of the financial statement. Information about the joint venture is set out in Note 15.

(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. 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.

**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)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(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 resale where it is held as non-current based on 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.

(u) Comparative Figures

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

(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.

**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

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:

	Title and Topic	Issued	Applicable (*)	Impact
(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
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
(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)

Title and Topic	Issued	Applicable (*)	Impact
(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 & 12]	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 2011**

2. REVENUE AND EXPENSES	2011 \$	2010 \$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	7,500	2,000
- Other Services	0	0
	7,500	2,000
Depreciation		
Plant and Equipment	1,306	2,874
Infrastructure - Fencing	62,548	62,292
	63,854	65,166
Interest Expenses (Finance Costs)		
Interest Charges	502	0
Debentures (<i>refer Note 21(a)</i>)	0	0
	502	0
(ii) Crediting as Revenue:		
	2011 \$	2011 Budget \$
Interest Earnings		
Investments		
- Other Funds	5	4
	5	250
		4

(b) Statement of Objective

The Murchison Regional 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.

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

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted - Cash at Bank	2,120	3,060
	<u>2,120</u>	<u>3,060</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Fees Outstanding	4,375	14,320
GST Receivable	324	0
Provision for Doubtful Debts	(3,000)	0
	<u>1,699</u>	<u>14,320</u>
5. INVENTORIES		
Current		
Fencing Material	2,156	5,076
	<u>2,156</u>	<u>5,076</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment - Cost	9,119	9,119
Less Accumulated Depreciation	(9,119)	(7,813)
	<u>0</u>	<u>1,306</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	1,306	1,306
Additions	0	0
(Disposals)	0	0
Depreciation (Expense)	(1,306)	(1,306)
Balance as at 30 June 2011	<u><u>0</u></u>	<u><u>0</u></u>

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

	2011	2010
	\$	\$
7. INFRASTRUCTURE		
Fencing - At Cost	3,127,393	3,127,393
Less Accumulated Depreciation	<u>(3,015,306)</u>	<u>(2,952,758)</u>
	<u>112,087</u>	<u>174,635</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.

	Fencing	Total
	\$	\$
Balance as at 1 July 2010	174,635	174,635
Additions	0	0
(Disposals)	0	0
Depreciation (Expense)	(62,548)	(62,548)
Balance as at 30 June 2011	<u>112,087</u>	<u>112,087</u>

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

	2011 \$	2010 \$
8. TRADE AND OTHER PAYABLES		
Current		
Trade Creditors	6,926	10,991
GST Payable	0	7,601
Accruals	5,800	0
	12,726	18,592

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 debit or overdraft arrangements.

11. TRADING ACTIVITIES

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

12. 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:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	2,120	2,714	3,060
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	(74,469)	319,235	3,680
Depreciation	63,854	60,000	65,166
(Increase)/Decrease in Receivables	12,945	0	(11,438)
(Increase)/Decrease in Inventories	2,920	0	9,393
Increase/(Decrease) in GST	(7,925)	0	11,721
Increase/(Decrease) in Payables	1,735	0	(13,749)
Net Cash from Operating Activities	(940)	379,235	64,773

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

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

	2011	2010
	\$	\$
Economic Services	<u>118,062</u>	<u>198,397</u>
	<u>118,062</u>	<u>198,397</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 during the 2 years.

19. SERVICE CHARGES

The Regional Council did not impose any such service charges during the 2 years.

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

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

The Regional Council did not provide any discounts, incentives, or concessions during the 2 years.

21. INTEREST CHARGES AND INSTALMENTS

The Regional Vermin Council did not impose any such charges during the 2 years.

22. COUNCILLORS' REMUNERATION

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

	Actual 2011 \$	Actual 2010 \$
Meeting Fees	5,100	5,120
President's Allowance	500	500
	<u>5,600</u>	<u>5,620</u>

23. FEES & CHARGES

(a) Fence rents

	2011 Actual	2011 Budget	2010 Actual
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	<u>\$12.504 per mile</u>	<u>\$12.504 per mile</u>	<u>\$12.504 per mile</u>
Yields	<u>5,803</u>		<u>5,803</u>

(b) Precepts

	2011 Actual	2011 Budget	2010 Actual
Yields	<u>2,7813c in \$UV 28,844 28,844</u>	<u>2,7813c in \$UV</u>	<u>2,7813c in \$UV 28,844 28,844</u>

(c) Fees & Charges - By Function

	2011 Actual \$	2011 Budget \$	2010 Actual \$
Economic Services	<u>5,803</u>	<u>5,900</u>	<u>5,803</u>

24. CONTRIBUTIONS/GRANTS REVENUE

	2011 Actual \$	2011 Budget \$	2010 Actual \$
Operational Grants			
Subsidy - Agriculture WA	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>

25. EMPLOYEE NUMBERS

	2011	2010
The number of full-time equivalent employees at balance date	<u>Nil</u>	<u>Nil</u>

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

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:

	Carrying Value		Fair Value	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets				
Cash and cash equivalents	2,120	3,060	2,120	3,060
Receivables	<u>1,699</u>	<u>14,320</u>	<u>1,699</u>	<u>14,320</u>
	<u><u>3,819</u></u>	<u><u>17,380</u></u>	<u><u>3,819</u></u>	<u><u>17,380</u></u>
Financial Liabilities				
Payables	<u>12,726</u>	<u>18,592</u>	<u>12,726</u>	<u>18,592</u>
	<u><u>12,726</u></u>	<u><u>18,592</u></u>	<u><u>12,726</u></u>	<u><u>18,592</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 2011**

26. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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 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 and investments 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.

	30-Jun-11	30-Jun-10
	\$	\$
Impact of a 1% (*) movement in interest rates on cash:		
- Equity	21	31
- Income Statement	21	31

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.



5 December 2011

Geoff Brooks
Chief Executive Officer
Murchison Regional Vermin Council
PO Box 62
Mount Magnet WA 6638

Dear Geoff

MANAGEMENT LETTER

We have now completed our audit of Murchison Regional Vermin Council for the year ended 30 June 2011.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. While our procedures are designed to identify any material weaknesses and detect misstatements from fraud and error, there is an unavoidable risk that even some material misstatements may remain undiscovered. This unavoidable risk is due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system.

During this audit, we noted the following matter which we believe needed to be brought to your attention

Compliance Audit Return Issues

Our review of your Local Government Compliance Audit Return for the year 1 July 2010 to 30 June 2011 noted the following instances of non-compliance with the relevant Local Government Act & Regulations.

- S5.53 to S5.55 due to late completion and audit of the annual report, for the financial year ended 30 June 2010.

We are required to include the above instances of non-compliance in our audit report as other matters in our report on statutory compliance.

We would like to take this opportunity to thank you and your staff for the assistance provided during the course of the audit.

Please do not hesitate to call should you like to discuss any aspect of the audit.

Yours faithfully

ANDERSON MUNRO & WYLLIE

BILLY-JOE THOMAS
Director