

VAGO

Victorian Auditor-General's Office

27 August 2010

File No: 26223/01

Mr D. Wells
Chief Executive Officer
North Central Catchment Management Authority
PO Box 18
HUNTLY VIC 3551

Dear Mr Wells,

Audited financial report for the year ended 30 June 2010

I enclose for inclusion in your annual report the audited financial report of the North Central Catchment Management Authority and the audit report for the year ended 30 June 2010.

A copy of the audited financial report and the audit report have been forwarded to the Board Chair, the Minister for Environment and Climate Change, the Minister for Finance, WorkCover and the Transport Accident Commission, the Secretary of the Department of Sustainability & Environment and the Secretary of the Department of Treasury and Finance.

The audit report incorporates a paragraph addressing the electronic presentation of your financial report. Where you present your financial report on your website, the enclosed report must be appended to these statements.

An interim management letter outlining audit observations and recommendations relating to your internal controls was issued to you on 28 June 2010. A final management letter dealing with matters arising from our review of the financial report was issued to you on 24 August 2010.

In closing, I record my appreciation for the courtesy and co-operation extended by your staff during the audit.

Yours sincerely,



for D D R Pearson
Auditor-General

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

For The Reporting Period Ended 30 June 2010

STATUTORY CERTIFICATION

In accordance with a resolution of the North Central Catchment Management Authority, we the undersigned

- (a) certify that in our opinion the accompanying financial report comprising Operating Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to and forming part of the Financial Statements of the North Central Catchment Management Authority presents fairly the financial transactions during the year ended 30 June 2010 and financial position as at 30 June 2010;
- (b) are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and
- (c) state that, in our opinion, the financial statements have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

Signed at Huntly on the 27th Day of August 2010 on behalf of the Board.



Mr Geoff Williams
Board Chair
North Central Catchment Management Authority



Mr Damian Wells
Chief Executive Officer
North Central Catchment Management Authority



Ms Navec Lorkin
Finance and Business Support Manager
North Central Catchment Management Authority

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

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NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

OPERATING STATEMENT

For the reporting period ended 30 June 2010

	Notes	2010	2009
		\$	\$
Revenue from operating activities			
Government contributions			
State Government	1(b) 3(a)	12,488,153	12,268,478
Commonwealth Government	1(b) 3(b)	3,556,689	4,389,506
		<u>16,044,842</u>	<u>16,657,984</u>
Revenue from non-operating activities			
Interest		328,678	492,633
Regional contributions		2,767,469	2,583,418
Other Income		662,742	193,468
		<u>3,758,889</u>	<u>3,269,519</u>
Total revenue		<u>19,803,731</u>	<u>19,927,503</u>
Expenses from operating activities			
Works expenditure	4(a)	16,640,812	15,408,413
Administration expenditure	4(b)	2,173,427	2,374,431
Corporate expenditure	4(c)	1,025,231	1,127,672
Net loss on disposal of non-financial assets	4(d)	30,463	38,910
Total expenses		<u>19,869,931</u>	<u>18,949,426</u>
Net result for the period		<u>(66,200)</u>	<u>978,077</u>

The above operating statement should be read in conjunction with the accompanying notes.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 30 June 2010

	Notes	2010	2009
		\$	\$
Net result for the period		(66,200)	978,077
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant and equipment		-	13,601
Other comprehensive income for the period		-	13,601
Total comprehensive income for the period		<u>(66,200)</u>	<u>991,678</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

BALANCE SHEET

As at 30 June 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	1(f) 5	7,255,792	7,890,166
Receivables	1(g) 6	2,328,125	2,333,080
Other non-financial assets		45,906	-
Total current assets		9,629,823	10,223,246
Non-current assets			
Property, plant and equipment	1(c) 7	2,064,659	2,409,067
Intangible assets	1(m) 8	229,638	215,996
Total non-current assets		2,294,297	2,625,063
TOTAL ASSETS		11,924,120	12,848,309
LIABILITIES			
Current liabilities			
Payables	1(h) 9	2,829,144	3,876,507
Employee benefits	1(i) 10	708,317	533,739
Total current liabilities		3,537,461	4,410,246
Non-current liabilities			
Employee benefits	1(i) 10	118,976	104,180
Total non-current liabilities		118,976	104,180
TOTAL LIABILITIES		3,656,437	4,514,426
NET ASSETS		8,267,683	8,333,883
EQUITY			
Contributed capital	11	8,755,693	8,755,693
Reserves	12	222,848	222,848
Accumulated funds	13	(710,858)	(644,658)
TOTAL EQUITY		8,267,683	8,333,883

The above balance sheet should be read in conjunction with the accompanying notes.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY

For the reporting period ended 30 June 2010

	Notes	Contributions by owners	Reserves	Accumulated Funds	Total \$
Balance at 1 July 2008		8,755,693	209,247	(1,622,735)	7,342,205
Total comprehensive income for the period		-	13,601	978,077	991,678
Contributions by owners		-	-	-	-
Balance at 30 June 2009		<u>8,755,693</u>	<u>222,848</u>	<u>(644,658)</u>	<u>8,333,883</u>
Balance at 1 July 2009		8,755,693	222,848	(644,658)	8,333,883
Total comprehensive income for the period		-	-	(66,200)	(66,200)
Contributions by owners		-	-	-	-
Balance at 30 June 2010		<u>8,755,693</u>	<u>222,848</u>	<u>(710,858)</u>	<u>8,267,683</u>

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

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

CASH FLOW STATEMENT

For the reporting period ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from government grants		15,223,090	16,388,161
Receipts from other sources		4,617,239	2,850,907
Interest received		330,816	533,199
Payments to suppliers and employees		(21,769,813)	(21,161,307)
GST received from/(paid to) the ATO		1,041,877	1,273,570
Net cash (outflow) / inflow from operating activities	17	<u>(556,792)</u>	<u>(115,470)</u>
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment	7(b)	(415,279)	(1,279,417)
Payments for the purchase of intangible assets	8	(64,730)	(191,419)
Proceeds on disposal of property, plant and equipment	4(d)	402,427	600,937
Net cash (outflow) / inflow from investing activities		<u>(77,582)</u>	<u>(869,899)</u>
Net increase / (decrease) in cash and cash equivalents		(634,374)	(985,369)
Cash and cash equivalents at the beginning of the financial year		7,890,166	8,875,535
Cash and cash equivalents at the end of the financial year	5(a)	<u><u>7,255,792</u></u>	<u><u>7,890,166</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

General

This financial report of North Central Catchment Management Authority is a general purpose financial report that consists of an Operating Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

This financial report has been prepared on an accrual and going concern basis.

Accounting Policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes to comparatives.

Functional and Presentation Currency

Items included in this financial report are measured using the currency of the primary economic environment in which North Central Catchment Management Authority operates ('the functional currency'). The financial statements are presented in Australian dollars, which is North Central Catchment Management Authority's functional and presentation currency.

Classification between current and non-current

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 realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Authority's operational cycle - see 1(i) for a variation in relation to employee benefits.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest dollar.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AAS's requires the use of certain critical accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

Financial statement presentation

The entity has applied the revised AASB101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue Recognition

Government contributions

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the operating statement as government contributions. However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity - Contributions by Owners.

Interest

Interest is recognised as revenue when earned.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Recognition and Measurement of Assets

Property, plant and equipment represent non-current assets comprising land, buildings, plant, equipment and motor vehicles, used by the Authority in its operations. Items with a cost value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Acquisition

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given at the date of exchange plus costs directly attributable to the acquisition.

Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Measurement of non-current physical assets

All non-current physical assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Direction (FRD) 103D. Revaluations are conducted using management expertise and are classified as a managerial revaluation. Plant, equipment and motor vehicles are measured at fair value.

For the plant, equipment and vehicles asset class, where the Corporation is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated replacement cost could represent a reasonable approximation of fair value.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the operating statement. When revalued assets are sold, it is the Authority's policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to accumulated funds.

Revaluation of non-current physical assets

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as an expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Impairment of assets

All assets are assessed annually for indicators of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the operating statement, a reversal of that impairment loss is also recognised in the operating statements.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Depreciation and Amortisation of Non-current Assets

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Land is not depreciated. Depreciation on other assets is calculated using the diminishing balance method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically diminishing value) commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined in Note 1(c).

Major depreciation rates used are listed below and are consistent with the prior year, unless otherwise stated:

Asset	Periods
Buildings	2.50%
Plant & equipment	8% to 40%
Motor vehicles	20%
Intangible assets	20%

(e) Leased assets

Finance leases

The Authority has no finance leases.

Operating leases

Leasing in which a significant proportion of the risks and rewards or ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the operating statement on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(f) Cash and Cash Equivalent Assets

Cash and cash equivalents include cash on hand, deposits held at call with Australian authorised deposit-taking institutions and 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 change in value.

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impaired receivables. Trade receivables are due for settlement no more than 30 days from the date of recognition for debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impaired receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

(h) Trade and Other Payables

Payables consist predominantly of trade and sundry creditors. These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year, which are unpaid at financial year end. The amounts are unsecured and are usually paid within 30 days of recognition.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee Benefits

Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave to be settled within 12 months of the reporting date are recognised in employee benefit liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values. Employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, liabilities in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave (LSL)

Current liability - unconditional LSL (representing 7 or more years of continuous service) is disclosed as a current liability even where the Authority does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- > Present value - component that the Authority does not expect to settle within 12 months; and
- > Nominal value - component that the Authority expects to settle within 12 months.

Non-Current liability - conditional LSL (representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

In calculating present value, 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.

Superannuation

The amount charged to the operating statement in respect of superannuation represents the contributions made by the Authority to the superannuation plan in respect to the current services of entity staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Authority does not recognise any defined benefit liability in respect of the superannuation plan because the Authority has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Employee Benefit On-Costs

Employee benefit on-costs, including payroll tax and worker's compensation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Performance payments

Performance payments for the Authority's Executive Officers are based on a percentage of the annual salary package provided under their contract(s) of employment. No liability is recognised at balance date due to the amounts being paid prior to year end.

(j) Changes in Accounting Policy

The accounting policies are consistent with those of the previous year, unless stated otherwise.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis - i.e., inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

(l) Financial Instruments

Recognition

Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the financial instruments are measured as set out below:

Loans and receivables

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and it is the Authority's intention to hold these investments to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets. Any held-to-maturity investments held by the Authority are stated at cost.

Impairment

At each reporting date, the Authority assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Operating Statement.

(m) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Authority.

A summary of the policies applied to the Authority's intangible assets is as follows:

	Patents and Licences	Development Costs
Useful lives	Indefinite	Finite
Amortisation method used	Not amortised or revalued	Diminishing balance
Internally generated / acquired	Acquired	Internally generated
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year end; Reviewed annually for indicators of impairment.

(n) Comparative Amounts

Where necessary, figures for the previous year have been reclassified to facilitate comparison.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New Accounting Standards and Interpretations issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2010. The Authority has not and does not intend to adopt these standards early

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards. The entity will apply the revised standards from 1 July 2010.	Beginning 1 Jan 2010	The entity does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 <i>Financial Instruments</i> addresses the classification and measurement of financial assets and is likely to affect the entity's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.	Beginning 1 Jan 2013	The entity is yet to assess its full impact. However, initial indications are that it may affect the entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.
Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards	In December 2009 the AASB issued a revised AASB 124 <i>Related Party Disclosures</i> . It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	Beginning 1 Jan 2011	When the amendments are applied, the entity and the parent will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact of any of the amendment on the related party disclosures.
AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19	AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.	Beginning 1 Jul 2010	It is not expected to have any impact on the entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the entity has not entered into any debt for equity swaps since that date.
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement	In December 2009, the AASB made an amendment to Interpretation 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> . The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.	Beginning 1 Jan 2011	The entity does not make any such prepayments. The amendment is therefore not expected to have any impact on the entity's financial statements.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Natural Resource Management Sector Reform

In December 2009, the State Government released, *Securing our Natural Future – a White Paper for land and biodiversity at a time of climate change*. Included in the document was a commitment to restructure Victoria's natural resource management bodies and the associated legislation.

The Government has determined that structural reform of key delivery organisations in Victoria's natural resource management sector – principally the Catchment Management Authorities, Regional Coastal Boards and associated peak bodies is required.

The White Paper foreshadows the establishment of Natural Resource and Catchment Authorities (NRCAs) by June 2011.

Alignment of new Natural Resource & Catchment Authorities	
New Authority	Current Bodies
Melbourne Water & Catchment Authority	Melbourne Water Port Phillip & Western Port CMA Central Coastal Board
Gippsland NRCA	East Gippsland CMA West Gippsland CMA Gippsland Coastal Board Gippsland Lakes Taskforce
Western Districts NRCA	Glenelg Hopkins CMA Corangamite CMA Western Coastal Board
Wimmera–Mallee NRCA	Wimmera CMA Mallee CMA
Northern Rivers NRCA	North Central CMA Goulburn Broken CMA North East CMA

The financial impact of the reform cannot be reliably measured as at balance date.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 2: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Authority's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Authority's Board has the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority. The Authority uses sensitivity analysis in the case of interest rate risks.

Risk management is carried out by a risk management committee under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Authority's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

2.1 Risk Exposures

The main risks the Authority is exposed to through its financial instruments are as follows:

(a) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Authority's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Authority's exposure to market risk is primarily through interest rate risk, there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and processes used for these risks are disclosed in the paragraphs below:

(i) Interest Rate Risk

The Authority has minimal exposure to interest rate risk through its holding of cash assets and other financial assets.

(ii) Foreign Exchange Risk

The Authority has no exposure to foreign exchange risk.

(iii) Other Price Risk

The Authority has no significant exposure to other price risk.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 2: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk Sensitivity Analysis

The following table summarises the sensitivity of the Authority's financial assets and financial liabilities to interest rate risk:

30 June 2010	Carrying amount \$	Interest rate risk			
		-1%		+1%	
		Result \$	Equity \$	Result \$	Equity \$
<i>Financial Assets</i>					
Cash	7,255,792	(72,558)	(72,558)	72,558	72,558
Receivables	2,328,125	-	-	-	-
<i>Financial Liabilities</i>					
Payables	(2,829,144)	-	-	-	-
<i>Total increase / (decrease)</i>	<i>6,754,773</i>	<i>(72,558)</i>	<i>(72,558)</i>	<i>72,558</i>	<i>72,558</i>

30 June 2009	Carrying amount \$	Interest rate risk			
		-1%		+1%	
		Result \$	Equity \$	Result \$	Equity \$
<i>Financial Assets</i>					
Cash	7,890,166	(78,902)	(78,902)	78,902	78,902
Receivables	2,333,080	-	-	-	-
<i>Financial Liabilities</i>					
Payables	(3,876,507)	-	-	-	-
<i>Total increase / (decrease)</i>	<i>6,346,739</i>	<i>(78,902)</i>	<i>(78,902)</i>	<i>78,902</i>	<i>78,902</i>

(b) Credit Risk

Credit risk is the risk of financial loss to the Authority as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Authority's receivables.

The Authority's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Authority has in place a policy and procedure for the collection of overdue

An analysis of the ageing of the Authority's receivables at reporting date has been provided in Note 6.

(c) Liquidity Risk

Liquidity Risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Authority manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

2.2 Fair Value Measurements

The carrying amounts of trade receivables and payables are assumed to approximate their fair value due to their short-term nature. 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 Authority for similar financial assets.

The carrying amounts and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in Note 19.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

	2010	2009
	\$	\$
NOTE 3: OPERATING STATEMENT - DISCLOSURES OF INCOME		
Revenue from Operating Activities		
(a) State Government		
<i>Catchment Planning</i>		
Landcare	483,000	504,100
Governance	993,480	968,750
Land statutory funding	-	5,250
<i>Water Asset Investment and Evaluation</i>		
Victorian Water Trust Healthy Rivers Initiative	-	491,000
<i>Sustainable Landscapes</i>		
Sustainable land management	1,190,000	-
<i>Sustainable Irrigation</i>		
Water Smart Farms - Our Water Our Future	529,000	-
Service agreements and government service contracts	20,000	112,000
Salinity infrastructure	1,748,000	-
Sustainable irrigated agriculture and land management	1,237,000	1,231,000
<i>River Health</i>		
Healthy waterways	1,430,000	1,334,900
Environmental flows and stressed rivers	450,000	180,798
Large scale river restoration - Our Water Our Future	1,100,000	750,000
Water statutory function	384,000	336,000
Environmental water reserve officers	199,000	364,490
<i>National Resource Investment Program</i>		
Natural Resource Investment Program [NRIP]	1,916,000	3,014,000
<i>Other State Revenue</i>		
Drought relief assistance	-	2,500,000
Bushfire recovery funding	5,278	307,500
Water for growth	803,395	168,690
	12,488,153	12,268,478
(b) Commonwealth Government		
<i>Caring for Our Country - core and transitional</i>	3,484,000	4,092,689
<i>Caring for Our Country - competitive</i>	72,689	218,067
<i>National Heritage Trust</i>	-	48,750
<i>National Landcare Program</i>	-	30,000
	3,556,689	4,389,506
Total Government Contributions	16,044,842	16,657,984

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

	2010	2009
	\$	\$

NOTE 4: OPERATING STATEMENT - DISCLOSURES OF EXPENDITURE

(a) Works Expenditure

Works programs salaries and oncosts	3,622,991	3,074,692
Consultancy costs	5,893,457	3,843,161
Contractors	4,148,737	5,810,280
Materials	329,264	582,622
Incentives paid	741,856	971,592
Other Expenses	1,904,507	1,126,066
	16,640,812	15,408,413

(b) Administration Expenditure

Administration salaries and oncosts	1,119,830	1,058,685
Contract employment	31,565	35,813
Office supplies and stationery	18,860	18,545
Computer and office equipment	384,668	590,343
Photocopiers and printing	33,638	26,607
Building costs	99,281	158,610
Telephone and facsimile	124,831	135,742
Meetings	7,530	14,136
Advertising	635	1,780
Consultancy costs	235,745	162,912
Memberships and subscriptions	4,588	6,263
Motor Vehicle	112,256	164,995
	2,173,427	2,374,431

(c) Corporate Expenditure

Corporate governance costs		
Board members remuneration	118,316	110,689
Board operational costs	44,010	42,887
Natural Resource Committees remuneration	102,574	101,326
Natural Resource Committees operational costs	24,665	40,625
Depreciation and amortisation expense	377,887	424,838
Bank charges	1,303	1,433
Insurance	38,631	68,474
Audit fees internal	45,637	63,079
Auditor-General external audit	10,100	10,321
Payroll tax	218,190	183,300
Fringe benefits tax	18,057	8,950
Corporate training	25,861	71,752
	1,025,231	1,127,672

(d) Loss on Sale of Assets

Proceeds on sale of assets	(402,427)	(600,937)
Written down value of assets sold (1)	432,890	639,847
	30,463	38,910

(1) Made up of:

Property, plant and equipment	7(b)	432,890	635,821
Intangibles	8	-	4,026
		432,890	639,847

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

	2010	2009
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	500	550
Cash at bank	755,292	186,616
Deposits at call	6,500,000	7,703,000
Total cash and cash equivalents	7,255,792	7,890,166
(a) Reconciliation to cash at the end of year		
The above figures are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement, as follows:		
Balance as above	7,255,792	7,890,166
Balance as per Cash Flow Statement	7,255,792	7,890,166
(b) Cash at bank and on hand		
These are non-interest bearing	500	550
(c) Deposits at call		
The term deposits bear fixed interest rates as follows:		
Term Deposit	-	-
Term Deposit 1 3.05%	-	1,500,000
Term Deposit 2 3.07%	-	950,000
Term Deposit 3 3.10%	-	1,300,000
Term Deposit 4 4.30%	-	989,000
Term Deposit 5 3.95%	-	990,000
Term Deposit 6 4.30%	-	989,000
Term Deposit 7 4.00%	-	985,000
Term Deposit 8 4.50%	1,000,000	-
Term Deposit 9 4.50%	1,000,000	-
Term Deposit 10 4.73%	1,000,000	-
Term Deposit 11 4.72%	1,000,000	-
Term Deposit 12 4.71%	1,000,000	-
Term Deposit 13 4.76%	1,000,000	-
Term Deposit 14 4.82%	500,000	-
	6,500,000	7,703,000

\$6,829,836 of \$7,255,792 cash and cash equivalents held at balance date are committed to specific projects for which funding has been provided to the Authority. Refer Note 20 for details of programs with funds committed at balance date.

NOTE 6: RECEIVABLES

Current Receivables

Trade receivables	2,309,263	2,312,080
Other receivables	18,862	21,000
Total receivables	2,328,125	2,333,080

The ageing of trade receivables is as follows:

0 to 3 months	2,309,263	2,302,080
3 to 6 months	-	5,500
Over 6 months	-	4,500
	2,309,263	2,312,080

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

(a) Classes of Property, Plant and Equipment

Land

At fair value	169,599	169,599
	169,599	169,599

Buildings

At fair value	751,249	751,249
Less: accumulated depreciation	(81,997)	(64,778)
	669,252	686,471

Buildings

At cost	42,799	31,989
Less: accumulated depreciation	(2,867)	(1,606)
	39,932	30,383

Motor Vehicles

At fair value	927,589	1,205,152
Less: accumulated depreciation	(229,231)	(169,272)
	698,358	1,035,880

Plant and Equipment

At fair value	1,068,560	1,091,569
Less: accumulated depreciation	(581,042)	(604,835)
	487,518	486,734

Total Property, Plant and Equipment

	2,064,659	2,409,067
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Land was valued at 30 June 2005 by Countrywide Valuers - MM Sanderson AAPI Certified Practising Valuer.

Buildings were valued at 30 June 2005 by Countrywide Valuers - MM Sanderson AAPI Certified Practising Valuer.

A managerial revaluation has been recorded in the financial statements for land and buildings as at 30 June 2009 with the approval of the Valuer General's Office.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Movements During the Reporting Period

2009-2010	Opening WDV \$	Additions \$	Disposals \$	Revaluations \$	Impairment \$	Depreciation \$	Closing WDV \$
Land	169,599	-	-	-	-	-	169,599
Buildings	716,854	10,810	-	-	-	(18,480)	709,184
Motor vehicles	1,035,880	218,844	(392,802)	-	-	(163,564)	698,358
Plant & Equipment	486,734	185,625	(40,088)	-	-	(144,753)	487,518
Totals	2,409,067	415,279	(432,890)	-	-	(326,797)	2,064,659

2008-2009	Opening WDV \$	Additions \$	Disposals \$	Revaluations \$	Impairment \$	Depreciation \$	Closing WDV \$
Land	177,879	-	-	(8,280)	-	-	169,599
Buildings	709,368	3,680	-	21,881	-	(18,075)	716,854
Motor vehicles	856,103	1,014,692	(619,471)	-	-	(215,444)	1,035,880
Plant & Equipment	390,095	261,045	(16,350)	-	-	(148,056)	486,734
Totals	2,133,445	1,279,417	(635,821)	13,601	-	(381,575)	2,409,067

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

	2010	2009
	\$	\$
NOTE 8: INTANGIBLE ASSETS		
Intangible Assets at cost	392,587	327,856
Accumulated amortisation	(162,949)	(111,860)
Total intangible assets	229,638	215,996

	Developmen t Costs	Software & Licences	Total
Year ended 30 June 2010			
At 1 July 2009, net of accumulated amortisation	132,442	83,554	215,996
Additions	-	64,730	64,730
Disposals	-	-	-
Impairment	-	-	-
Amortisation	(26,488)	(24,602)	(51,090)
At 30 June 2010, net of accumulated amortisation	105,954	123,682	229,636

	Developmen t Costs	Software & Licences	Total
Year ended 30 June 2009			
At 1 July 2008, net of accumulated amortisation	-	71,865	71,865
Additions	157,501	33,918	191,419
Disposals	-	(4,026)	(4,026)
Impairment	-	-	-
Amortisation	(25,059)	(18,203)	(43,262)
At 30 June 2009, net of accumulated amortisation	132,442	83,554	215,996

NOTE 9: PAYABLES

Current Payables

Trade payables	1,226,068	3,500,540
Accrued expenses	1,603,075	375,967
Total Payables	2,829,142	3,876,507

NOTE 10: EMPLOYEE BENEFITS

Current

Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service:

- employee benefits expected to be settled within 12 months, measured at nominal value.	299,912	298,642
- employee benefits expected to be settled within 12 months, measured at present value.	408,405	235,097
Total Current	708,317	533,739

Non Current

Conditional long service leave, measured at present value	118,976	104,180
Total Non-Current	118,976	104,180
Total Employee Benefits	827,293	637,919

Employee numbers at end of financial year	59	62
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The following assumptions were adopted in measuring the present value of long service leave entitlements:

Weighted average increase in employee costs	4.48%	4.45%
Weighted average discount rates	5.16%	5.48%
Weighted average settlement period	7 years	7 years

The Authority made no ex-gratia payments during the financial year.

NOTE 11: CONTRIBUTED CAPITAL

Opening balance at 1 July	8,755,693	8,755,693
Capital contributions in the year	-	-
Closing balance at 30 June	8,755,693	8,755,693

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

	2010	2009
	\$	\$
NOTE 12: RESERVES		
<i>Composition of reserves</i>		
Asset revaluation reserve	222,848	222,848
<i>Total Reserves</i>	<u>222,848</u>	<u>222,848</u>

Movements in reserves

Asset revaluation reserve		
Balance 1 July	222,848	209,247
Revaluation increment/(decrement) on non-current assets	-	13,601
Balance 30 June	<u>222,848</u>	<u>222,848</u>

The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.

NOTE 13: ACCUMULATED FUNDS

Opening balance at 1 July	(644,658)	(1,622,735)
Net effect of adoption of new Standard or Interpretation	-	-
Net result for the period	(66,200)	978,077
Closing balance at 30 June	<u>(710,858)</u>	<u>(644,658)</u>

NOTE 14: COMMITMENTS

Operating lease commitments

At 30 June 2010, the Authority had the following operating lease commitments:

Lease of photocopiers.

Outstanding lease commitments are to be paid as follows:

within one year	28,020	39,058
one to five years	4,670	32,690
over five years	-	-
	<u>32,690</u>	<u>71,748</u>

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

2010

2009

\$

\$

NOTE 15: SUPERANNUATION

The Authority makes employer superannuation contributions in respect of most employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, each of which is funded differently.

The Fund's accumulation category, Vision Super, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the Fund.

The Authority does not make employer contributions to the defined benefit category of the Fund.

The Authority contributes in respect of its employees to the following superannuation schemes:

Superannuation Name	Type of Scheme	Rate	2010	2009
Australian Government Employee	Accumulated Contribution	9.0%	-	2,969
AMP Life Limited	Accumulated Contribution	9.0%	10,021	11,614
AMP Flexible Lifetime Super	Accumulated Contribution	9.0%	7,360	9,994
ANZ Super Advantage	Accumulated Contribution	9.0%	12,643	12,496
Australian Super	Accumulated Contribution	9.0%	29,065	20,311
Aviva Australia Ltd	Accumulated Contribution	9.0%	1,528	2,806
Care Super	Accumulated Contribution	9.0%	14,547	10,965
Emergency Services Super	Accumulated Contribution	9.0%	4,813	6,294
First Choice Employer Super	Accumulated Contribution	9.0%	4,312	-
Glenham Superannuation Fund	Accumulated Contribution	9.0%	4,347	-
Hesta Super Fund	Accumulated Contribution	9.0%	-	1,357
IIML ACF Life Track Application	Accumulated Contribution	9.0%	5,685	7,103
IPAC - SPR	Accumulated Contribution	9.0%	-	8,974
IPAC iAccess Super	Accumulated Contribution	9.0%	8,757	-
IOOF Superannuation Fund	Accumulated Contribution	9.0%	3,635	-
Macquarie Investment Management Ltd	Accumulated Contribution	9.0%	-	1,592
Mercantile Mutual Life Insurance	Accumulated Contribution	9.0%	8,534	11,734
MLC Masterkey Super	Accumulated Contribution	9.0%	10,950	12,456
Recruitment Super	Accumulated Contribution	9.0%	5,404	4,900
Sandhurst Trustees Ltd	Accumulated Contribution	9.0%	2,356	2,813
Uni Super Limited (APP)	Accumulated Contribution	9.0%	-	1,521
Vanguard Investments Australia Ltd	Accumulated Contribution	9.0%	3,468	6,158
Vision Super	Accumulated Contribution	9.0%	176,331	164,810
Victorian Superannuation Board	Accumulated Contribution	9.0%	62,416	59,042
Other Superannuation Funds	Accumulated Contribution	9.0%	17,344	37,832
			393,516	397,741

As at the reporting date, there was \$35,232 of outstanding contributions payable to the above funds.

As at the reporting date, there were no loans to or from the Authority to any of the above funds.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

2010

2009

\$

\$

NOTE 16: RESPONSIBLE PERSONS RELATED PARTY DISCLOSURES

(a) Responsible persons

The names of persons who were responsible persons at any time during the financial year were:

Persons Name	Position	Period		
Hon Gavin Jennings MLC	Minister for Environment and Climate Change	01 Jul 2009	to	30 Jun 2010
Geoff Williams	Board Chair	01 Jul 2009	to	30 Jun 2010
Christine Brooke	Board Member	01 Jul 2009	to	30 Jun 2010
Jane Holt	Board Member	01 Jul 2009	to	30 Jun 2010
John Leishman	Board Member	01 Jul 2009	to	30 Jun 2010
Stuart McLean	Board Member	01 Jul 2009	to	30 Jun 2010
Jenette Williams	Board Member	01 Jul 2009	to	30 Jun 2010
Melanie McCarthy	Board Member	01 Jul 2009	to	30 Jun 2010
John Learmonth	Board Member	01 Jul 2009	to	30 Jun 2010
Donald Naunton	Board Member	01 Jul 2009	to	30 Jun 2010
Damian Wells	Chief Executive Officer	01 Jul 2009	to	30 Jun 2010
Emer Campbell	Acting Chief Executive Officer	07 Sep 2009	to	02 Oct 2009
Emer Campbell	Acting Chief Executive Officer	17 May 2010	to	28 May 2010

Remuneration of responsible persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which each Member of the Parliament completes.

Remuneration received, or due and receivable from the Authority in connection with the management of the Authority (includes termination payments and bonuses paid at the end of contracts).

287,406

265,532

The number of responsible persons whose remuneration from the Authority was within the specified bands were as follows:

	Income band (\$)	No.	No.
	0 - 9,999	-	7
	10,000 - 19,999	9	1
	20,000 - 29,999	-	-
	160,000 - 169,999	1	1
	190,000 - 199,999	-	-

Retirement benefits of responsible persons

The were no retirement benefits paid by the Authority in connection with the retirement of responsible persons.

Other related party transactions

The Partner of the CEO is a Director and Shareholder of a Company which is the preferred supplier of recruitment services and temporary staff. All delegations relating to procurement of HR related services has been delegated to the HR Manager. The HR Manager reports directly to the Chairman for these accountabilities.

Name of Related Parties	Responsible Person		
ESE Consulting	Damian Wells	163,881	176,495
Amount payable to responsible person			
ESE Consulting		5,244	-

Transactions between related parties were based on established objective criteria and were on no more favourable terms than those available to other parties unless otherwise stated.

There were no other transactions between the Authority and responsible persons and their related parties during the financial year.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

2010

2009

\$

\$

NOTE 16: RESPONSIBLE PERSONS RELATED DISCLOSURES (continued)

(b) Executive officers' remuneration

The number of executive officers, other than responsible persons, whose total remuneration falls within the specified bands above \$100,000 are as follows:

Income band (\$)	Total Remuneration		Base Remuneration	
	2010 No.	2009 No.	2010 No.	2009 No.
100,000 - 109,999	5	4	4	2
110,000 - 119,999	1	1	-	1
120,000 - 129,999	1	2	-	-
130,000 - 139,999	1	-	-	-
Total Numbers	8	7	4	3
Total Amount	\$894,800	\$785,374	\$430,565	\$322,032

Total remuneration includes bonuses paid to executive officers. Bonuses are excluded from base remuneration resulting in fewer executive officers with base remuneration greater than \$100,000.

The executive officer remuneration disclosed for 2009 previously incorrectly disclosed only 1 executive officer with a base remuneration of greater than \$100,000 and disclosed total base remuneration as \$740,821. Total remuneration in 2009 was previously incorrectly disclosed as \$884,033. The correct amounts for executive officers with base and total remuneration of greater than \$100,000 are now disclosed above.

NOTE 17: RECONCILIATION OF PROFIT / (LOSS) FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Net result for the period	(66,200)	978,077
Add /(less) non-cash flows in net result		
(Profit)/loss on disposal of non-current assets	30,463	38,910
Depreciation and amortisation	377,887	424,838
	342,150	1,441,825
Changes in assets and liabilities		
Decrease / (increase) in trade receivables	(40,951)	(362,310)
(Decrease) / increase in payables	(1,047,364)	(1,283,114)
(Decrease) / increase in provisions	189,373	88,129
Net cash flows from operating activities	(556,792)	(115,470)

NOTE 18: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 19: FINANCIAL INSTRUMENTS

Interest rate risk exposures

The following table sets out the Authority's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominately from liabilities bearing variable interest rates as the Authority intends to hold fixed rate liabilities to maturity.

2009-2010	Weighted Av Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non-interest Bearing \$
			1 year or less \$	1 to 5 years \$	Over 5 years \$	
<i>Financial Assets</i>						
Cash	4.67	755,292	6,500,000	-	-	500
Receivables	n/a	-	-	-	-	2,328,125
Total Financial Assets		755,292	6,500,000	-	-	2,328,625
<i>Financial Liabilities</i>						
Payables	n/a	-	-	-	-	2,829,142
Total Financial Liabilities		-	-	-	-	2,829,142
Net financial liabilities		755,292	6,500,000	-	-	(500,517)

2008-2009	Weighted Av Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non-interest Bearing \$
			1 year or less \$	1 to 5 years \$	Over 5 years \$	
<i>Financial Assets</i>						
Cash	3.62	186,616	7,703,000	-	-	550
Receivables	n/a	-	-	-	-	2,333,080
Total Financial Assets		186,616	7,703,000	-	-	2,333,630
<i>Financial Liabilities</i>						
Payables	n/a	-	-	-	-	3,876,508
Total Financial Liabilities		-	-	-	-	3,876,508
Net financial liabilities		186,616	7,703,000	-	-	(1,542,878)

Fair value

The carrying amounts and fair values of financial assets and financial assets at balance date are:

	2010		2009	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
<i>Financial Assets</i>				
Cash	7,255,792	7,255,792	7,890,166	7,890,166
Receivables	2,328,125	2,328,125	2,333,080	2,333,080
Total Financial Assets	9,583,917	9,583,917	10,223,246	10,223,246
<i>Financial Liabilities</i>				
Payables	2,829,142	2,829,142	3,876,507	3,876,507
Total Financial Liabilities	2,829,142	2,829,142	3,876,507	3,876,507

Cash, cash equivalents and non-interest bearing financial assets and financial liabilities are carried at cost which approximates their fair value. The fair value of other financial assets and financial liabilities is based upon market prices, where a market exists or by discounting the expected future cash flows at current interest rates. All deposits are held at call with Australian authorised deposit-taking institutions.

NORTH CENTRAL CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL REPORT

For the reporting period ended 30 June 2010

NOTE 20: CONTRIBUTIONS SUBJECT TO RESTRICTIONS

The Authority receives funding for specific projects. Such funding is allocated to, and must be expended on those projects. The following table displays monies held and committed at the end of the year in respect to projects currently in progress.

Funding Categories - 2009/10 Category	Balance 1 July 2009	Contributions Received	Year to Date Expenditure	Balance 30 June 2010	Committed Funds	Uncommitted Funds
Biodiversity	167,614	1,578,467	1,683,217	62,864	62,864	-
Climate	30,414	-	15,151	15,262	15,262	-
Community	261,650	1,020,557	1,204,923	77,284	77,284	-
Dryland	311,487	2,096,033	1,757,047	650,473	650,473	-
Irrigated land	193,310	3,129,136	2,797,114	525,332	525,332	-
Water resources	203,854	-	203,854	-	-	-
Waterways & wetlands	5,132,614	10,092,813	10,119,605	5,105,822	5,105,822	-
Corporate services	1,810,092	1,886,725	2,089,021	1,607,797	392,799	1,215,000
Total	8,111,035	19,803,732	19,869,931	8,044,835	6,829,836	1,215,000

Funding Categories - 2008/09 Category	Balance 1 July 2008	Contributions Received	Year to Date Expenditure	Balance 30 June 2009	Committed Funds	Uncommitted Funds
Biodiversity	773,280	938,688	1,544,354	167,614	167,614	-
Climate	82,172	-	51,758	30,414	30,414	-
Community	95,115	4,421,163	4,254,628	261,650	261,650	-
Dryland	159,354	512,862	360,729	311,487	311,487	-
Irrigated land	745,953	137,252	689,895	193,310	193,310	-
Water resources	197,677	2,349,691	2,343,514	203,854	203,854	-
Waterways & wetlands	3,974,480	8,490,828	7,332,694	5,132,614	5,132,614	-
Corporate services	1,104,927	3,077,019	2,371,854	1,810,092	745,092	1,065,000
Total	7,132,958	19,927,503	18,949,426	8,111,035	7,046,035	1,065,000

Funds committed as at 30 June 2010 are anticipated to be expended as follows:

	2010	2009
	\$	\$
Within one year	3,978,294	4,842,822
Later than one year but within five years	2,851,542	2,203,213
Later than five years	-	-
Total	6,829,836	7,046,035

Committed funds for the financial year ending 30 June 2010 are funds committed to specific projects reportable to investors. For the financial year ending 30 June 2009 committed funds were calculated as funds committed to purchasing. 30 June 2009 balances have been reinstated as per the calculation for financial year ending 30 June 2010 for comparative purposes.

NOTE 21: ECONOMIC DEPENDENCE

The Authority's role in implementing the goals contained in the Regional Catchment Strategy remains dependent upon future funding by the State and Commonwealth governments.

NOTE 22: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Authority did not have any contingent liabilities or contingent assets at balance date.

INDEPENDENT AUDITOR'S REPORT

To the Board Members, North Central Catchment Management Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of North Central Catchment Management Authority which comprises the operating statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the statutory certification has been audited.

The Board Members Responsibility for the Financial Report

The Board Members of North Central Catchment Management Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of North Central Catchment Management Authority for the year ended 30 June 2010. The Board Members of North Central Catchment Management Authority are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the North Central Catchment Management Authority website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

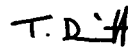
Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of North Central Catchment Management Authority as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1 (p) to the financial report, the government's Land and Biodiversity White Paper has recommended the establishment of five Natural Resource & Catchment Authorities to consolidate existing Catchment Management Authorities, including the North Central Catchment Management Authority. As a result of this white paper, it is expected that legislation will be enacted in the Victorian Parliament to amend the *Catchment and Land Protection Act 1994* to effect the reform, including the transfers of the functions, assets and liabilities of the existing Authority to a new Natural Resource and Catchment Authority. At the date of this report, the proposed administrative arrangements have not been fully determined and the required legislation has not been enacted. As a result, there is a material uncertainty about whether the Authority will continue as a going concern.

MELBOURNE
27 August 2010

For 
D D R Pearson
Auditor-General