



South East Regional Centre for Urban Landcare

SERCUL 2023-24

FINANCIAL REPORT

For the year ended 30 June 2024

ABN: 57 970 369 675



Contents

Statement by the Board.....	1
Auditor’s Independence Declaration.....	2
Independent Auditor’s Report.....	3
Statement of Profit or Loss and Other Comprehensive Income.....	6
Statement of Financial Position	7
Statement of Changes in Equity.....	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

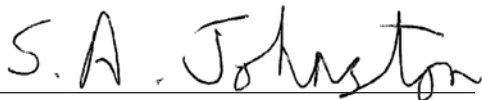
Statement by the Board

The Board determined that the South East Regional Centre for Urban Landcare Inc. (SERCUL) is a reporting entity and, therefore, that these general-purpose financial statements should be prepared in accordance with the accounting policies outlined in Notes 2 and 3 to the financial statements.

In the opinion of the Board, the financial statements, and notes, as set out on pages 6 to 16 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012, Associations Incorporation Act 2015* and:

1. Comply with the Australian Accounting Standards applicable to South East Regional Centre for Urban Landcare Inc.
2. Gives a true and fair view of the financial position of the Association as at 30 June 2024 and its performance for the year ended on that date; and
3. At the date of this statement, there are reasonable grounds to believe that SERCUL will be able to pay its debts as and when they fall due and payable.

This statement is made in accordance with the *Australian Charities and Not-for-profits Commission Regulations 2022* and is signed for and on behalf of the Board:



Stephen Johnston
Chairperson
Dated 30th August 2024



Harry Sunarko
Deputy Chairperson
Dated 30th August 2024

AUDITOR'S INDEPENDENCE DECLARATION
**TO THE MEMBERS OF SOUTH EAST REGIONAL CENTRE FOR URBAN
LANDCARE INC**

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63 Shepperton Road
Victoria Park
Western Australia 6100

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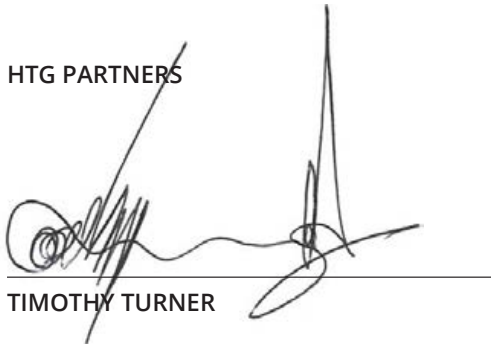
PO Box 199
Victoria Park
Western Australia 6979

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there has been:

- (i) no contraventions of the independence requirements in relation to the audit, and

- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

HTG PARTNERS



TIMOTHY TURNER

Dated this 4th day of September 2024



PARTNERS

Timothy Turner
BBus (Acc), FCPA, CTA
Registered Company Auditor

Vick Gelevitis
BBus (Acc), FCPA, CTA

Darryl Rodrigues
BSc, BBus (Acc), CPA

HTG Partners is a CPA Practice



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH EAST REGIONAL CENTRE FOR URBAN LANDCARE INC

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report being a general purpose financial report of South East Regional Centre for Urban Landcare Inc (SERCUL), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of material accounting policies and other explanatory information, and the statement by the Board.

In our opinion, the accompanying financial report of South East Regional Centre for Urban Landcare Inc has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2015, including:

- (a) giving a true and fair view of SERCUL's financial position as at 30 June 2024 and of its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of SERCUL in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH EAST REGIONAL CENTRE FOR URBAN LANDCARE INC

Report on the Audit of the Financial Report

Responsibilities of the Board for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the Australian Charities and Not-for-profits Commission Act 2012, Associations Incorporation Act 2015, and the Rules of the Association. The Committee of Management's responsibility also includes such internal control as management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing SERCUL to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

The Board is responsible for overseeing SERCUL's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this financial report.

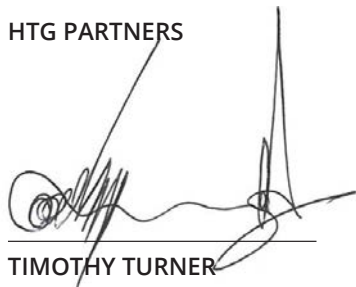
INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH EAST REGIONAL CENTRE FOR URBAN LANDCARE INC

Auditor's Responsibilities for the Audit of the Financial Report *(continued)*

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

HTG PARTNERS



TIMOTHY TURNER
PARTNER

Signed at Perth on the 4th day of September 2024

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue			
Revenue from contracts with customers	4a	4,030,104	2,484,968
Interest and investment income	4b	74,199	22,690
State Government grant for capital works	4c	0	100,000
Other income	4d	30,478	11,008
Total revenue		4,134,781	2,618,666
Expenses			
Direct costs	5	3,341,211	1,794,893
Administration and general expenses	6	567,821	570,564
Property and communications expenses	6	30,349	41,486
Governance expenses	6	18,814	25,156
Other expenses	6	1,870	8,638
Total expenses		3,960,065	2,440,737
Surplus for the year before income tax		174,716	177,929
Income tax expense	3f	0	0
Surplus for the year after income tax		174,716	177,929
Other comprehensive income		0	0
Total profit and other comprehensive income for the year		174,716	177,929

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

Statement of Financial Position *as at 30 June 2024*

	Note	2024 \$	2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	1,859,133	2,132,224
Trade receivables	8	505,454	593,052
Other assets	9	222,898	572,115
Total current assets		2,587,485	3,297,391
Non-current assets			
Property, plant, and equipment	10	437,025	165,170
Total non-current assets		437,025	165,170
TOTAL ASSETS		3,024,510	3,462,561
LIABILITIES			
Current liabilities			
Trade and other payables	11	328,607	353,201
Provisions	12	187,314	142,605
Other liabilities	13	1,122,231	1,735,102
Total current liabilities		1,638,152	2,230,908
Non-current liabilities			
Provisions	12	5,868	14,048
Other liabilities	13	7,028	18,860
Total non-current liabilities		12,896	32,908
TOTAL LIABILITIES		1,651,048	2,263,816
NET ASSETS		1,373,462	1,198,745
EQUITY			
Retained earnings		1,373,462	1,198,745
Total equity		1,373,462	1,198,745

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

Statement of Changes in Equity *for the year ended 30 June 2024*

2024	Retained earnings	Total
	\$	\$
Balance at 1 July 2023	1,198,745	1,198,745
Surplus for the year	174,716	174,716
Balance at 30 June 2024	1,373,461	1,373,461

2023	Retained earnings	Total
	\$	\$
Balance at 1 July 2022	1,020,816	1,020,816
Surplus for the year	177,929	177,929
Balance at 30 June 2023	1,198,745	1,198,745

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

Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers, government, and grants		3,493,755	2,445,829
Payments to suppliers and employees		(3,525,835)	(2,632,605)
Interest received	4b	60,753	22,027
Other receipts		27,852	6,043
Net cash from operating activities		56,525	(158,706)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Receipt of State Government grant for capital works	4c		100,000
Purchase of property, plant and equipment	10	(329,619)	(221,879)
Proceeds from disposal of property, plant and equipment	4b		682
Net cash from investing activities		(329,619)	(121,197)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase/(decrease) in cash and cash equivalents		(273,091)	(279,903)
Cash and cash equivalents at beginning of year		2,132,224	2,412,127
Cash and cash equivalents at 30 June	7	1,859,133	2,132,224

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

Notes to the Financial Statements

For the Year Ended 30 June 2024

1. Reporting Entity

South East Regional Centre for Urban Landcare Inc (SERCUL) is a not-for-profit association incorporated in Western Australia, operating pursuant to the Associations Incorporation Act 2015.

SERCUL's registered office and principal place of business is 1 Horley Road, Beckenham, WA 6107.

Descriptions of the nature of SERCUL's principal activities are included in the Annual Report, which is not part of these financial statements.

2. Basis of Preparation

(a) Statement of compliance

SERCUL's financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with the Associations Incorporation Act 2015, Australian Accounting Standards – Simplified Disclosures adopted by the AASB, and the Australian Charities and Not for Profit Commission Act 2012 (ACNC). Australian Accounting standards are applied, including AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.

The comparative values are, therefore, unchanged from last year's financial statements, although certain comparative amounts have been reclassified to conform to the current year's presentation.

The financial statements approved by the Board on the date of signing the Statements can be found on page 1 of these financial statements.

(b) Basis of measurement and functional currency

The financial statements have been prepared on historical cost basis and they do not consider changing money values or, except where specifically stated, current valuations of non-current assets.

These financial statements are presented in Australian dollars, which is SERCUL's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3d – Lease liabilities
- Note 10 – Property, plant and equipment
- Note 14 – Contingencies

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated. Certain comparative amounts may have been reclassified to conform to the current year's presentation.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with maturities of four months or less from acquisition date that are subject to insignificant risk of changes in fair value.

(b) Trade and other receivables

Trade receivables are stated at cost less any impairment losses.

Notes to the Financial Statements

For the Year Ended 30 June 2024

(c) Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less, where applicable, any accumulated depreciation or impairment write-offs.

Depreciation is calculated on a straight-line basis over the useful economic lives of the assets, commencing from the time the asset is held ready for use. The depreciation methods, useful lives and residual values of all fixed assets are reviewed, and adjusted if appropriate, at each reporting date.

The estimated useful economic lives for the current and comparative periods are as follows:

- Computers 2.5 years
- Motor vehicles 4 to 10 years
- Office equipment 2.5 to 10 years
- Plant and equipment 2.5 to 5 years
- Leasehold improvements - the remaining life of the lease (but see Note d below)

(d) Leases

Short term leases and leases of low value assets

SERCUL elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases. SERCUL had one low value operating lease, for a printer/photocopier. The lease payments recognised as an expense on a straight-line basis over the lease term.

Peppercorn Property Lease

The Association has leased lots 1 and 6 and part lot 9000 of Horley Road, Beckenham, WA 6107 from the Western Australian Planning Commission (WAPC) for around twenty years. The lessor last accepted the Association's request for an extension of the undated peppercorn lease agreement and signed a "Deed of Extension of Lease" in 2017. That deed extended the agreement five years, covering 1st January 2017 to 31st December 2021.

WAPC has proposed a new five-year peppercorn lease agreement to be backdated to 1st January 2024. Several discussions and negotiations were held with WAPC, and it is expected that the new lease agreement will be in place within the next few months. In the absence of a formal lease agreement, SERCUL prudently depreciated all expenditure incurred on leasehold assets held as at 30th June 2024.

(e) Financial liabilities - including trade and other payables

Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by SERCUL during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. A financial liability is no longer recognised when it is extinguished, discharged, cancelled, or expires.

(f) Income tax

SERCUL is exempt from income tax under the terms of Section 50(5) of the Income Tax Assessment Act 1997.

(g) Employee benefits

Short term employee benefits are benefits that are expected to be settled wholly within 12 months after the employees render the related service and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. Long term employee benefits are benefits not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the expected future payments to be made to employees based on the current rates of remuneration. The Association presents employee obligations as current when there is no right to defer settlement for 12 months irrespective of when settlement is expected.

Contributions are made to employee nominated superannuation funds and are charged as expenses when incurred. SERCUL has no other legal obligations to provide other benefits to employees on retirement.

Notes to the Financial Statements

For the Year Ended 30 June 2024

(h) Long service leave

The liability for long service leave is recognised and measured at the estimated cash flows to be made in respect of all employees at the reporting date. Current pay rates are used to determine the estimated cash flows.

(i) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. All revenue is stated net of the amount of GST.

Key Australian Accounting Standards applied include AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.

Government operating grants

Several of the Association's programs are supported by grants received from State and/or local governments to support the Association's activities and operations. Where there are conditions attached to a grant which must be satisfied before the Association is eligible to receive/retain the contribution, recognition of the grant as revenue is deferred until performance obligations are satisfied.

Revenue from customers

Revenue from contracts, including grants, with sufficiently specific performance obligations is recognised using the five-step process:

- identify the contract;
- identify the performance obligations;
- determine the transaction price;
- allocate the transaction price to the performance obligations; and
- recognise revenue when the performance obligations are satisfied.

During the current year, income and associated costs were recognised progressively and in the financial year in which key milestones and performance obligations were achieved (and not when the project was finally completed or when the completion report was accepted by the client). Previously, they were treated as work-in-progress and not recognised as income, even though performance obligations at various stages of completion were achieved. The expenses are recognised when the associated performance obligations are met. This method of revenue recognition is in accordance with Australian Accounting Standard AASB 15 and AASB 1058, and attributed to sizeable reduction in work-in-progress (\$452k in FY2023 to \$60k in FY2024) with corresponding increase in revenue and expenses.

Donations, gifts and bequests

Revenue from donations, gifts and bequests is recognised upon SERCUL establishing the right to entitlement.

Interest income

Interest is recognised using the actual interest earned on various term deposits and saver accounts with Bendigo Bank.

Volunteer services

The Association has elected not to recognise volunteer services as either revenue or other forms of contribution received, as it cannot reliably measure the fair value of these services. As such, any related consumption or capitalisation of such sources is also not recognised

(j) Goods and services tax (GST)

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

Receivables and payables are inclusive of the amount of GST receivable or payable. Other current assets and other current liabilities are stated exclusive of GST. Cash flows are included in the Statement of Cash Flows on a net basis.

The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Notes to the Financial Statements

For the Year Ended 30 June 2024

4. Revenue and Other Income

	2024	2023
	\$	\$
a) Revenue contracts/customers		
Education	58,654	84,298
Monitoring and Research	274,278	245,401
Grants and Partners	1,646,408	886,337
Landcare Services	1,990,455	1,224,023
Other	60,308	44,909
Total	4,030,104	2,484,968
b) Interest and investment income		
Interest	74,199	22,027
Gain on sale/disposal property, plant and equipment	0	663
Total interest and investment income	74,199	22,690
c) State Government grant for capital works		
Western Australia Government grant	0	100,000
d) Other income from ordinary activities		
Donations	756	4,965
Other income	29,722	6,043
Total other income from ordinary activities	30,478	11,008

5. Direct Costs

	2024	2023
	\$	\$
Grants and Partners delivery	954,070	348,393
Landcare Services delivery	1,263,767	797,224
Other services delivery	388,746	283,231
Vehicle operations	103,023	65,071
Other operation wage costs	587,341	273,725
Operational depreciation costs	44,264	27,249
Total direct costs	3,341,211	1,794,893

6. Total Expenses

	2024	2023
	\$	\$
Administration and general	567,821	570,564
Property and communication	30,349	41,486
Governance	18,814	25,156
Other	1,870	8,638
Direct costs	3,341,211	1,794,893
	3,960,065	2,440,737

Notes to the Financial Statements

For the Year Ended 30 June 2024

7. Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash on hand	231	369
Cash at bank	334,322	1,321,855
Term deposits – term over 4 months	1,524,579	810,000
Total cash and cash equivalents	1,859,133	2,132,224

8. Trade Receivables

	2024	2023
	\$	\$
Trade receivables	505,454	593,052

Trade receivables are non-interest bearing and are generally due for payment within 30 days of the invoice date.

9. Other Assets

	2024	2023
	\$	\$
Work in progress	60,062	452,385
Prepayments	149,090	115,553
Interest receivable	13,446	0
Uninvoiced income	0	3,877
Deferred expense	300	300
Total other assets	222,898	572,115

10. Property, Plant and Equipment

	Motor vehicles	Plant & Equipment	Leasehold Improvements	Office equipment	Total
Balance at 1 July 2023:					
Gross carrying amount	316,297	136,405	195,313	4,520	652,534
Accumulated depreciation and impairment losses	(180,932)	(106,600)	(195,313)	(4,520)	(487,365)
Net carrying amount at 1 July 2023	135,365	29,805	0	0	165,170
Additions	251,493	64,626	13,500		329,619
Depreciation	(26,689)	(17,575)	(13,500)		(57,764)
Net carrying amount at 30 June 2024	360,169	76,855	0	0	437,025
Balance at 30 June 2024:					
Gross carrying value	567,790	201,031	208,813	4,520	982,154
Accumulated depreciation and impairment losses	(207,621)	(124,175)	(208,813)	(4,520)	(545,129)
Net carrying amount at 30 June 2024	360,169	76,856	0	0	437,025

Lease agreement is yet to be signed at the date of this report. SERCUL has prudently fully depreciated all expenses incurred on leasehold assets.

Notes to the Financial Statements

For the Year Ended 30 June 2024

11. Trade and Other Payables

	2024	2023
	\$	\$
Current		
Trade payables	42,958	46,875
Accrued expenses	4,346	36,313
Credit cards	5,155	2,668
Provisions for audits	10,850	9,750
PAYG withholdings payable	36,873	37,712
GST/BAS payable	58,678	70,807
Accrued wages	165,922	106,052
Superannuation payable	3,825	43,024
Total trade and other payables	328,607	353,201

Trade payables are non-interest bearing and are generally due for payment within 30 days of the invoice.

12. Provisions

	2024	2023
	\$	\$
(a) Current payroll provisions		
Provision for annual leave	117,980	82,425
Provision for long service leave	63,834	50,772
Provision for personal leave	5,500	9,408
Total current payroll provisions	187,314	142,605
(a) Non-current provision for long service leave	5,868	14,048

13. Other Liabilities

	2024	2023
	\$	\$
(a) Current		
Contract liabilities unearned revenue - grants	936,635	1,330,342
Contract liabilities unearned revenue - other	185,596	404,760
Other	0	0
Total current other liabilities	1,122,231	1,735,102
(b) Non-current contract liabilities unearned revenue	7,028	18,860

14. Contingent Assets and Liabilities

SERCUL has no contingent assets or liabilities as at 30th June 2024 (30th June 2023: nil).

15. Commitments

SERCUL has no commitments for expenditure at 30th June 2024 other than those already disclosed in these financial statements (30th June 2023: nil).

Notes to the Financial Statements

For the Year Ended 30 June 2024

16. Auditor's Remuneration

	2024	2023
	\$	\$
Audit of financial statements	8,000	7,500
Total paid to HTG Partners	<u>8,000</u>	<u>7,500</u>

17. Cash Flow Information

Reconciliation of surplus for the year to cash flows from operating activities

	2024	2023
	\$	\$
Surplus for the year	174,716	177,929
Cash flows excluded from surplus attributable to operating activities:		
- State Government grant for capital works	0	(100,000)
Non-cash flows in surplus:		
- depreciation	57,764	153,891
- (profit)/loss on sale of fixed assets	0	(663)
Adjustments for changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	87,598	(380,470)
- (increase)/decrease in other assets	349,218	(437,729)
- increase/(decrease) in trade and other payables	(24,594)	41,544
- increase/(decrease) in provisions for employee benefits	36,528	(52,260)
- increase/(decrease) in other liabilities	(624,704)	439,052
Net cash flow from operating activities	<u>56,525</u>	<u>(158,706)</u>

18. Events Occurring After the Reporting Date

No matters or circumstances have arisen in the period from 30th June 2024 to the date of this report that will have a material effect on the operations of SERCUL, the results of those operations, or the state of affairs of SERCUL in future financial years.

19. Economic Dependence

SERCUL is dependent on various government agencies for significant revenue used to operate the business. At the date of this report the Board has no reason to believe the agencies will not continue to support SERCUL.

20. Key Management Personnel Remuneration

The key management personnel compensation included in Administration and general expenses was \$201,948 for the year to 30 June 2024. The number of employees defined as key management personnel was 3 during the financial year (2023: 2).

The Board members are not remunerated for their roles.



SERCUL

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