

Wagait Shire Council
ABN 65 843 778 569

General Purpose Financial Statements
30 June 2015

Wagait Shire Council
ABN 65 843 778 569

General Purpose Financial Statements
30 June 2015

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Independent auditor's report

To the members of
Wagait Shire Council

Report on the financial statements

We have audited the accompanying financial statements of Wagait Shire Council (the "Council"), which comprise the statement of financial position as at 30 June 2015, the statement of profit and loss and other comprehensive income, the statement of working capital, the statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Australian Accounting Standards and relevant provisions of the Local Government Act and Local Government (Accounting) Regulations, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Our audit opinion does not extend to cover the ratios in note 14 and accordingly, we express no opinion on them.

Independent auditor's report *(continued)*

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Emphasis of matter

Without qualifying our audit opinion, we draw your attention to the note 4 in the financial statements which explains the fact that the Council is dependent on operating grants from Government funding agencies. The financial statements have been prepared on a going concern basis as the management believes that such funding will continue in the foreseeable future.

Report on other legal and regulatory requirements

The financial statements are in accordance with applicable sections of the Local Government Act, Accounting Code and Regulations.

A handwritten signature in blue ink, appearing to read "Barry Hansen", is positioned above the printed name and title.

Barry Hansen
Registered Company Auditor

Date: 15 October 2015

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Chief Executive's Certificate

I, Deborah Allen, the Chief Executive Officer of the Wagait Shire Council, do hereby certify that the annual financial statements:

- a) have been properly drawn up in accordance with applicable Accounting Standards, the *Local Government Act, Local Government (Accounting) Regulations*, so as to present fairly the financial position of the Council as at 30 June 2015 and the results for the year then ended; and
- b) are in accordance with the accounting and other records of the Council.



Deborah Allen
Chief Executive Officer

14 October 2015

Sign and date

Wagait Shire Council

Wagait Shire Council

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Statement of profit and loss and other comprehensive income for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Operating Revenue			
Rates and annual charges	6(a)	209,698	212,807
User charges and fees	6(b)	148,717	150,839
Interest income	6(c)	17,677	20,217
Grants and contributions	6(d)	257,670	269,763
		-----	-----
Total operating revenue		633,762	653,626
		-----	-----
Operating Expenses			
Employee costs	7(a)	379,691	313,153
Materials and contracts	7(b)	159,580	120,398
Depreciation expense	7(c)	272,087	157,464
Other operating expenses	7(d)	30,026	26,425
		-----	-----
Total operating expenses		841,384	617,440
		-----	-----
(Deficit)/surplus for the year		(207,622)	36,186
		-----	-----
Other comprehensive income		-	-
		-----	-----
Total comprehensive (loss)/income for the year		(207,622)	36,186
		=====	=====

The notes on pages 9 to 28 are an integral part of these financial statements.

Independent auditor's report is set out on pages 1 and 2.

Wagait Shire Council

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Statement of financial position

at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	8	837,135	910,933
Trade and other receivables	9	33,130	34,847
Total current assets		870,265	945,780
Non-current asset			
Property, plant and equipment	10	1,531,330	1,631,540
Total non-current assets		1,531,330	1,631,540
Total assets		2,401,595	2,577,320
Liabilities			
Current liabilities			
Trade and other payables	11	34,339	16,445
Provision for employee benefits	12	26,625	13,979
Unexpended grants	15	-	-
Total current liabilities		60,964	30,424
Non-current liabilities			
Provision for employee benefits	12	1,357	-
Total non-current liabilities		1,357	-
Total liabilities		62,321	30,424
Net assets		2,339,274	2,546,896
Equity			
Accumulated surplus		1,806,051	2,013,673
Road reserve		180,000	180,000
Motor vehicle reserve		10,000	10,000
Asset revaluation reserve		343,223	343,223
		2,339,274	2,546,896

The notes on pages 9 to 28 are an integral part of these financial statements.

Independent auditor's report is set out on pages 1 and 2.

Wagait Shire Council
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Statement of working capital
for the year ended 30 June 2015

	<i>Note</i>	2014	2014
Assets			
Current assets			
Cash and cash equivalents	8	837,135	910,933
Trade and other receivables	9	33,130	34,847
		-----	-----
Total current assets		870,265	945,780
		-----	-----
Less:			
Current liabilities			
Trade and other payables	11	34,339	16,445
Provisions	12	26,625	13,979
Unexpended grants	15	-	-
		-----	-----
		60,964	30,424
		-----	-----
Reserves			
Road reserve		180,000	180,000
Motor vehicle reserve		10,000	10,000
		-----	-----
Total current liabilities		250,964	220,424
		-----	-----
Net current assets (working capital)		619,301	725,356
		=====	=====

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Statement of changes in equity

for the year ended 30 June 2015

	Accumulated Surplus \$	Assets revaluation reserve \$	Roads reserve \$	Motor vehicle reserve \$	Total \$
Balance at 1 July 2013	1,977,487	343,223	180,000	10,000	2,510,710
Surplus for the year	36,186	-	-	-	36,186
Balance at 1 July 2014	2,013,673	343,223	180,000	10,000	2,546,896
Deficit for the year	(207,622)	-	-	-	(207,622)
Balance at 30 June 2015	<u><u>1,806,051</u></u>	<u><u>343,223</u></u>	<u><u>180,000</u></u>	<u><u>10,000</u></u>	<u><u>2,339,274</u></u>

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Statement of cash flows for the year ended 30 June 2015

	<i>Note</i>	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		357,832	350,778
Grants and contribution receipts		257,670	184,824
Payments to suppliers		(537,400)	(453,606)
Interest received		17,677	20,217
		-----	-----
Net cash from operating activities	<i>13(b)</i>	95,779	102,213
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment		(192,577)	(65,281)
Proceeds from disposal of property, plant and equipment		23,000	-
		-----	-----
Net cash used in investing activities		(169,577)	(65,281)
		-----	-----
Net (decrease)/increase in cash and cash equivalents		(73,798)	36,932
Cash and cash equivalents at the beginning of the year		910,933	874,001
		-----	-----
Cash and cash equivalents at the end of the year	<i>13(a)</i>	837,135	910,933
		=====	=====

The notes on pages 9 to 28 are an integral part of these financial statements.

Independent auditor's report is set out on pages 1 and 2.

Wagait Shire Council

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Notes

(forming part of the financial statements)

1 Reporting entity

Wagait Shire Council is a local government body formerly called Cox Peninsula Government Council. The registered address of the Council is PMB 10 Wagait Beach NT 0801.

2 Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Council is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed in note 18.

3. Significant accounting policies

Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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Notes (*continued*)

3. Significant accounting policies (*continued*)

Property, plant and equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to policy of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

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

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Notes *(continued)*

3. Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

The depreciation rates used for each class of depreciable assets are follows:

	Life (years)
Building and improvements	20
Plant and equipment	3
Roads, bridges and footpaths	10
Office equipment and furniture	3
Motor vehicles	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised as income in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Financial instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

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Notes (continued)

3. Significant accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Bank borrowings that form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the council assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') has occurred, which has an impact on the estimated future cash flows of the financial assets.

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

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

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the council recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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Notes *(continued)*

3. Significant accounting policies *(continued)*

Impairment

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Employee provisions

Short-term employee provisions

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

Other long-term employee provisions

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

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

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Notes *(continued)*

3. Significant accounting policies *(continued)*

Cash on hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to impairment policy for further discussion on the determination of impairment losses.

Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the council 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.

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Notes (*continued*)

3. Significant accounting policies (*continued*)

New Accounting Standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting period and have not been early adopted by the Council. The Council's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments- AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

Impact

Following the changes approved by the AASB in December 2014, the Council no longer expects any impact from the new classification, measurement and derecognition rules on the Council's financial assets and financial liabilities. There will also be no impact on the Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Council does not have any such liabilities. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Council has not yet assessed how its own impairment provisions would be affected by the new rules.

Mandatory application date/ Date of adoption by Council

Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

AASB 15 Revenue from Contracts with Customers- The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Impact

Management is currently assessing the impact of the new rules Council is not able to estimate the impact of the new rules on the Council's financial statements. The Council will make more detailed assessments of the impact over the next twelve months.

Mandatory application date/ Date of adoption by Council

Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the Council: 1 July 2017.

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Notes *(continued)*

4 **Economic dependence**

The Council is dependent upon the ongoing receipt of grants from the government departments to ensure the continuance of its activities.

At the date of this report the management has no reason to believe that the Council will not continue to receive funding support from the Government.

5 **Functions**

Components of functions

The activities relating to the Council functions are as follows:

General Public Services: Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services (also includes Natural Disaster relief).

Public Order and Safety: The division includes outlays on administration and operating services connected with public order and safety within the scope of local government. Such services include fire protection, local emergency services, animal control and impounding, control of public places, control of signage, hoardings and advertising, community policing and probationary matters.

Economic Affairs and Transport: General economic, agriculture and forestry, fuel and energy, other labour and employment affairs and transport and other industries, saleyards and tourism.

Environmental Protection: General environment services.

Housing and Community Amenities: Housing, housing and community development, water supply and street lighting.

Health: Well baby clinics, dental health services and home nursing services, nursing and convalescing home services, immunization, infant nutrition and child health, family planning services.

Recreation, Culture and Religion: Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

Education: Administration, inspection, support, operation etc. of education programs and services.

Social Protection: Council did not provide services under this function for the current and previous year.

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Notes *(continued)*

6 Operating revenue

a) Rates and charges

	2015	2014
	\$	\$
Residential, business and rural flat rate	209,698	212,807
Total rates and annual charges	209,698	212,807

b) User charges and fee

	2015	2014
	\$	\$
Jetty and Boat ramp maintenance	55,373	55,471
Power and water contract income	58,281	56,680
Community Centre income	-	7,391
Weed management income	15,591	15,591
Other fee and charges	19,472	15,706
Total user charges and fees	148,717	150,839

c) Interest

	2015	2014
	\$	\$
Interest on deposits	17,677	20,217
Total interest on deposits	17,677	20,217

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Notes (continued)

6 Operating revenue (continued)

d) Grants and contributions

	2015	2014
	\$	\$
<i>General purpose (untied)</i>		
General purpose component	9,343	4,397
Road component	56,020	59,122
	-----	-----
	65,363	63,519
	-----	-----
<i>NT current grants</i>		
General purpose component	143,551	129,048
	-----	-----
Total operating grants	143,551	129,048
	-----	-----
<i>Capital grants</i>		
Others	48,756	77,196
	-----	-----
Total grants and contributions	257,670	269,763
	=====	=====

7 Operating expenses

a) Employee costs

	2015	2014
	\$	\$
Salaries and wages	330,671	276,395
Superannuation	28,530	24,570
Workers compensation insurance	-	4,005
Recruitment and relocation	11,572	-
Travelling and accommodation	6,091	5,590
Training and development	2,827	2,593
	-----	-----
Total operating expenses	379,691	313,153
	=====	=====

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Notes *(continued)*

7 **Operating expenses** *(continued)*

b) Materials and contracts

	2015	2014
	\$	\$
Accounting services	12,360	-
Advertising	2,401	1,564
Bank fees	1,148	1,168
Consultants and council election fee	14,288	1,086
Contractors, maintenance and materials	26,478	45,728
Bad and doubtful debts expense	7,601	-
Electricity	12,070	13,079
Information technology expenses	-	4,532
Printing and stationery	2,581	2,997
Vehicles repairs and maintenance	8,773	1,141
Subscriptions	1,885	4,297
Telephone	8,414	7,960
Vehicle registration	2,702	2,816
Vehicle , plant and equipment expenses	13,115	26,026
Others	45,764	8,004
	-----	-----
Total materials and contracts	159,580	120,398
	=====	=====

c) Depreciation expense

	2015	2014
	\$	\$
Plant and equipment	75,164	27,500
Office equipment and furniture	28,480	1,150
Motor vehicles	58,303	21,488
Buildings and improvements	26,283	74,300
Roads, bridges and footpaths	83,857	33,026
	-----	-----
Total depreciation expense	272,087	157,464
	=====	=====

d) Other operating expenses

	2015	2014
	\$	\$
Auditor's remuneration- audit services	7,500	6,280
Assistance with preparation of financial statements	5,000	5,650
Insurance	17,526	14,495
	-----	-----
Total other operating expenses	30,026	26,425
	=====	=====

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Notes (continued)

8 Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	32	221
Cash at bank	837,103	910,712
	-----	-----
Total cash and cash equivalents	837,135	910,933
	=====	=====

Please also refer below on restricted cash summary and details

Restricted cash summary

	2015	2014
	\$	\$
<i>External restrictions</i>		
Included in liabilities	-	-
	-----	-----
Total external restrictions	-	-
Total unrestricted	837,135	910,933
	-----	-----
Total cash and cash equivalents available	837,135	910,933
	=====	=====

Restricted cash detail

	2015	2014
	\$	\$
<i>External restrictions (included in liabilities)*</i>		
Specific purpose unexpended grants	-	-
	-----	-----
Total external restrictions	-	-
	=====	=====
<i>Internal restrictions (included in liabilities)</i>		
Employee leave entitlements	27,982	13,979
Accrued wages	10,209	6,263
	-----	-----
Total internal restrictions	38,191	20,242
	=====	=====

Management believes that there were no grants which were not expended as at 30 June 2015.

9 Trade and other receivables

	2015	2014
	\$	\$
Rates and annual charges	40,202	3,031
Others	1,440	35,759
Less: provision for doubtful debts	(8,512)	(3,943)
	-----	-----
Total unrestricted receivables	33,130	34,847
	=====	=====

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Notes (continued)

10 Property, plant and equipment

		2015	2014
		\$	\$
<i>Land</i>			
	At cost	400,000	400,000
		-----	-----
		400,000	400,000
		-----	-----
<i>Buildings and improvements</i>			
	At cost	1,517,105	1,483,909
	Accumulated depreciation	(821,179)	(746,015)
		-----	-----
		695,926	737,894
		-----	-----
<i>Plant and equipment</i>			
	At cost	306,691	260,593
	Accumulated depreciation	(267,930)	(209,627)
		-----	-----
		38,761	50,966
		-----	-----
<i>Roads, bridges, footpaths</i>			
	At cost	864,460	825,633
	Accumulated depreciation	(523,524)	(439,667)
		-----	-----
		340,936	385,966
		-----	-----
<i>Office equipment and furniture</i>			
	At cost	174,729	169,525
	Accumulated depreciation	(174,729)	(148,446)
		-----	-----
		-	21,079
		-----	-----
<i>Motor vehicles</i>			
	At cost	107,432	107,443
	Accumulated depreciation	(51,725)	(71,808)
		-----	-----
		55,707	35,635
		-----	-----
Total property, plant and equipment		1,531,330	1,613,540
		=====	=====

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Notes (continued)

10 Property, plant and equipment (continued)

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

	Land	Buildings and improvements	Plant and equipment	Roads, bridges and footpaths	Office equipment and furniture	Motor vehicles	Total
At 1 July 2013	400,000	758,917	67,188	418,992	21,503	57,123	1,723,723
Additions	-	53,277	11,278	-	726	-	65,281
Disposals	-	-	-	-	-	(20,021)	(20,021)
Depreciation on disposals	-	-	-	-	-	20,021	20,021
Depreciation	-	(74,300)	(27,500)	(33,026)	(1,150)	(21,488)	(157,464)
At 30 June 2014	400,000	737,894	50,966	385,966	21,079	35,635	1,631,540
At 1 July 2014	400,000	737,894	50,966	385,966	21,079	35,635	1,631,540
Additions	-	33,196	46,097	38,828	5,204	69,252	192,577
Disposals	-	-	-	-	-	(69,262)	(69,262)
Depreciation on disposals	-	-	-	-	-	48,562	48,562
Depreciation	-	(75,164)	(58,302)	(83,858)	(26,283)	(28,480)	(272,087)
At 30 June 2015	400,000	695,926	38,761	340,936	-	55,707	1,531,330

11 Trade and other payables

	2015	2014
	\$	\$
<i>Current</i>		
Sundry creditors and accrued expenses	20,088	6,526
Accrued wages	10,209	6,263
PAYG held	2,950	3,830
Amounts received in advance	-	408
Goods and services tax	1,092	(582)
Total trade and other payables	34,339	16,445

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Notes (continued)

12 Provision for employee benefits

	2015	2014
	\$	\$
<i>Current</i>		
Annual leave	13,979	13,979
Long service leave	12,646	-
	-----	-----
	26,625	13,979
<i>Non-current</i>		
Long service leave	1,357	-
	-----	-----
Total provision for employee benefits	27,982	13,979
	=====	=====

13 Statement of cash flows

a. Reconciliation of cash

	2015	2014
	\$	\$
Cash on hand and at bank	837,135	910,933
	-----	-----
Balance as per statement of cash flows	837,135	910,933
	=====	=====

b. Reconciliation of cash flows from operations

	2015	2014
	\$	\$
(Deficit)/surplus for the year	(207,622)	36,186
<i>Non cash flows include din surplus/(deficit) for the year</i>		
▪ Depreciation	272,087	157,464
▪ Gain on disposal of property, plant and equipment	(2,300)	-
<i>Changes in assets and liabilities</i>		
▪ Change in trade and other receivables	1,717	(12,868)
▪ Change in trade and other payables	17,894	6,370
▪ Change in provisions and unexpended grants	14,003	(84,939)
	-----	-----
Net cash from operating activities	95,779	102,213
	=====	=====

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Notes (continued)

14 Statement of performance measurement

		2015	2014
		\$	\$
1. <i>Current ratio</i>			
	<u>870,265</u>		
<u>Current assets-external restricted assets</u>	60,964	14.27	31.08
Current liabilities			
2. <i>Rate coverage ratio</i>			
	<u>209,698</u>	33.1%	32.6%
<u>Rate revenue</u>	633,762		
Total revenue			
3. <i>Rates and annual charges outstanding ratio</i>			
	<u>40,202</u>	19.17%	1.4%
<u>Rates and annual charges outstanding</u>	209,698		
Rates and annual charges collectible			

15 Conditions over grants and contributions

	2015		2014	
	\$	\$	\$	\$
	Grants	Contribution	Grants	Contribution
<i>Grants and contributions that were obtained on the condition that they be expended on specified purposes or in a future period but which are not yet expended in accordance with these conditions are as follows:</i>				
Unexpended at the close of the previous reporting period	-	-	88,379	-
Less:				
Expended during the current reporting period from revenue recognised in the previous reporting periods	-	-	(88,379)	-
Plus:				
Amounts recognised as liabilities in the current reporting period as they had not yet been expended in accordance with the conditions	-	-	-	-
Unexpended at the close of the reporting period and held as restricted assets	-	-	-	-
Net increase/(decrease) in restricted assets	-	-	(88,379)	-

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Notes (continued)

16 Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments as at 30 June 2015 (30 June 2014: nil)

17 Financial instruments

Financial risk management policies

The committee is responsible for monitoring and managing the council's compliance with its risk management strategy and consists of Board members. The committee's overall risk management strategy is to assist the council in meeting its financial targets whilst minimising potential adverse effects on financial performance. These include credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Council is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There have been no substantive changes in the types of risks the Council is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Council. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Legislative restrictions on Council's investments powers effectively limit investments to financial instruments issued or guaranteed by Australian governments, banks and authorized deposit taking institutions. Rates and other receivables are monitored on an ongoing basis with the result that the Council's exposure to bad debts is not significant.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015	2014
	\$	\$
Rates receivables (net of provision)	31,690	-
Other receivables (net of provision)	1,440	34,847
	-----	-----
Total cash and cash equivalents	33,130	34,847
	=====	=====

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Notes (continued)

17 Financial instruments (continued)

(a) Credit risk (continued)

Impairment losses

The ageing of trade receivables at the reporting date was:

	2015		2014	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Current	10,510	-	18,753	-
31-60 days	11,050	-	-	-
61-90 days	-	-	-	-
More than 90 days	20,082	(8,512)	20,037	(3,943)
	<u>41,642</u>	<u>(8,512)</u>	<u>38,790</u>	<u>(3,943)</u>

The allowance amount in respect of trade receivables is used to record impairment losses unless the Council is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and written off.

(b) Liquidity risk

Liquidity risk arises from the possibility that the council might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Council manages this risk through the following mechanisms:

- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with major financial institutions

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Council does not have any derivative financial liabilities at the end of the current year or the previous year.

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Notes (continued)

17 Financial instruments (continued)

(b) Liquidity risk (continued)

	Within one year		Above one year		Total	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$		\$	\$
<i>Financial liabilities due for payment</i>						
Accounts payable (excluding estimated annual leave and deferred income)	34,339	16,445	-	-	34,339	16,445
Total expected outflows	(34,339)	(16,445)	-	-	(34,339)	(16,445)
<i>Financial Assets - cash flows realisable</i>						
Cash on hand and at bank	837,135	910,933	-	-	837,135	910,933
Accounts receivable and other debtors	33,130	34,847	-	-	33,130	34,847
Total anticipated outflows	870,265	945,780	-	-	870,265	945,780
Net (outflow) / inflow on financial instruments	835,926	929,335	-	-	835,926	929,335

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The council is also exposed to earnings volatility on floating rate instruments.

Profile

At the reporting date the interest rate profile of the Council's interest-bearing financial instruments was:

	2015	2014
	\$	\$
<i>Fixed rate instruments</i>		
Deposit balance at bank	811,882	807,361

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Notes (*continued*)

17 Financial Instruments (*continued*)

(c) Market risk (*continued*)

Fair value sensitivity analysis for fixed rate instruments

The Council does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Fair Value

The fair value of the Council's financial assets and liabilities approximates their carrying amounts.

18 Use of estimates and judgments

The Council makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses on receivables

The Council reviews its receivables to assess impairment at least on an annual basis. The Council's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in profit and loss, the Council makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Impairment losses on property and equipment

The Council reviews its property and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of comprehensive income, the Council makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment.

Useful life and residual value of property, plant and equipment

The Council reviews the useful life and residual value of the property, plant and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.