WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

Financial Report For The Year Ended

30 June 2021

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Financial Report For The Year Ended 30 June 2021

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Council Certificate

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

(a) the accompanying financial statements comply with the Local Government Act 2008 , Local Government Accounting Regulations and Australian Accounting Standards.

(b) the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year.

(c) internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the year.

(d) the financial statements accurately reflect the Council's accounting and other records

Dated

Dated

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
INCOME			
Rates and annual charges	3A	485,378	352,817
User charges and fees	3B	176,591	144,222
Grants and contributions	3C	379,572	347,320
Interest	3D	11,859	16,000
Gain on sale of property, plant and equipment	3E	18,181	-
TOTAL INCOME		1,071,581	860,359
EXPENSES			
Employee Cost	4A	459,654	436,059
Materials and Contracts	4B	308,663	204,408
Depreciation	4C	156,078	150,806
Other operating expenses	4D	84,313	68,947
TOTAL EXPENSES		1,008,708	860,220
NET SURPLUS		**62,873**	**139**
OTHER COMPREHENSIVE INCOME			
Loss on revaluation of buildings and other structures for the year		(878,557)	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(878,557)**	**-**
TOTAL COMPREHENSIVE INCOME (LOSS)		**(815,684)**	**139**

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 579
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Bank	5	1,768,806	1,536,103
Trade and Other Receivables	6	7,815	39,553
Prepayments		-	7,397
TOTAL CURRENT ASSETS		**1,776,621**	**1,583,053**
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	1,865,679	2,835,928
Right of Use Assets	8	45,245	-
TOTAL NON-CURRENT ASSETS		**1,910,924**	**2,835,928**
TOTAL ASSETS		**3,687,545**	**4,418,981**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	32,041	26,944
Other Contract liabilities	10	306,152	297,966
Lease Liabilities	11	12,939	-
Employee Provisions	12	91,936	69,769
TOTAL CURRENT LIABILITIES		**443,068**	**394,679**
NON-CURRENT LIABILITIES			
Lease Liabilities	11	33,045	-
Employee Provisions	12	7,455	4,641
TOTAL NON-CURRENT LIABILITIES		**40,500**	**4,641**
TOTAL LIABILITIES		**483,568**	**399,320**
NET ASSETS		**3,203,977**	**4,019,661**
EQUITY			
Retained Earnings		1,712,510	1,649,637
Reserves	13	1,491,467	2,370,024
TOTAL EQUITY		**3,203,977**	**4,019,661**

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Retained Earnings	Asset Revaluation Reserve	Asset Replacement and Maintenance Reserve	Total Equity
	$		$	$
Balance at 1 July 2019	1,649,498	1,870,024	500,000	4,019,522
Comprehensive income:				
Surplus for the year	139	-	-	139
Other comprehensive income for the year	-	-	-	-
Total comprehensive income attributable to Members of the entity for the year	139	-	-	139
Balance at 30 June 2020	**1,649,637**	**1,870,024**	**500,000**	**4,019,661**
Balance at 1 July 2020	1,649,637	1,870,024	500,000	4,019,661
Comprehensive income:				
Surplus for the year	62,873	-	-	62,873
Other comprehensive income (loss) for the year	-	(878,557)	-	(878,557)
Total comprehensive income (Loss) attributable to Members of the entity for the year	62,873	(878,557)	-	(815,684)
Balance at 30 June 2021	**1,712,510**	**991,467**	**500,000**	**3,203,977**

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 579
STATEMENT OF WORKING CAPITAL
AS AT 30 JUNE 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Bank	5	1,768,806	1,536,103
Trade and Other Receivables	6	7,815	39,553
Prepayments		-	7,397
TOTAL CURRENT ASSETS		**1,776,621**	**1,583,053**
Less:			
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	32,041	26,944
Contract liabilities	10	306,152	297,966
Lease Liabilities	11	45,984	-
Employee Provisions	12	99,391	69,769
TOTAL CURRENT LIABILITIES		**483,568**	**394,679**
NET CURRENT ASSETS		**1,293,053**	**1,188,374**
CURRENT RATIO		**4**	**4**

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		684,537	476,909
Grants and contributions receipts		387,758	533,138
Interest received		11,859	16,000
Payments to suppliers and employees		(803,919)	(703,720)
Net cash provided by operating activities	13	**280,235**	**322,327**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property, plant and equipment		33,745	-
Payment for property, plant and equipment		(70,901)	(73,453)
Net cash (used in) investing activities		**(37,156)**	**(73,453)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(10,376)	-
Net cash provided by (used in) financing activities		**(10,376)**	**-**
Net increase in cash held		232,703	248,874
Cash and cash equivalents at beginning of the financial year		1,536,103	1,287,229
Cash and cash equivalents at end of the financial year	13	**1,768,806**	**1,536,103**

The accompanying notes form part of these financial statements.

The financial statements cover Wagait Shire Council as an individual entity, incorporated and domiciled in Australia. Wagait Shire Council is operating pursuant to the *NT Local Government Act 2008 and NT Local Government (Accounting) Regulations* .

The financial statements were authorised for issue on by the Councillors of the Council.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the requirements of the *Local Government Act 2008* , *Local Government (Accounting) Regulations* and other authoritative pronouncements of the Australian Accounting Standard Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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.

Accounting Policies

(a) Revenue

Rates are recognised as revenue when the Council obtains control over the asset comprising the receipt.
Rates are an enforceable debt linked to rateable property that will be recovered when the property is sold, and therefore control normally passes at the time of levying, or where earlier upon receipt of rates paid in advance. The rating period and reporting period for the Council coincide and accordingly, all rates levied for the year are recognised as revenue.

Uncollected rates are recognised as receivables.

Contributed Assets

The Council receives assets from the government and other parties for Nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the Council recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

The Council recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(a) Revenue and Other Income (Cont.)

Operating Grants, Donations and Bequests

When the Council receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Council :
- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficiently specific performance obligations, the Council:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB 9, AASB 116 and AASB138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Council recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grant

When the Council receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Council recognises income in profit or loss when or as the Council satisfies its obligations under the terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Donation Income

Donations and bequests are recognised as revenue when received.

Income from Sale of Goods

Revenue from the sales of goods and the rendering of a service is recognised upon the delivery of the goods and services to the customers.

All revenue is stated net of the amount of goods and services tax.

Note 1 Summary of Significant Accounting Policies (Cont.)

(b) 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 any impairment losses.

Freehold Property

Freehold land and Buildings are shown at their fair value based on periodic, but at least triennial, 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 Councillors conduct Councillors' 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.

Freehold Land and Buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

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 Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised 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 held ready 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.

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

Class of Fixed Asset	**Depreciation Rate Life (years)**
Buildings and improvements	20-40
Infrastructure	10
Plant and equipment	3-10
Office equipment and furniture	3
Motor vehicles	5

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised 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 earnings.

(c) Leases

At inception of a contract, the Council assess if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Council where the Council is a lessee. However all contracts that are classified as short term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating lease on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Council uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows :

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Council anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below market terms and conditions principally to enable the Council to further its objectives (commonly known as peppercorn / concessionary leases), the Council has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

Note 1 Summary of Significant Accounting Policies (Cont.)

(d) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which *AASB 3: Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Note 1 Summary of Significant Accounting Policies (Cont.)

(d) Financial Instruments (Cont.)

Financial assets

Financial assets are subsequently measured at:
- amortised cost; or
- fair value through comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Council initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Council made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Council’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(d) Financial Instruments (Cont.)

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Council no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Council elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Council recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Council uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Council assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Council measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the Council measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Note 1 Summary of Significant Accounting Policies (Cont.)

(d) Financial Instruments (Cont.)

Purchased or originated credit-impaired approach
For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Council measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:
- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach
If a financial asset is determined to have low credit risk at the initial reporting date, the Council assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Council applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.
A financial asset is considered to have low credit risk if:
- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements
At each reporting date, the Council recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(e) Impairment of Assets
At the end of each reporting period, the Council reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual 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.

Note 1 Summary of Significant Accounting Policies (Cont.)

(f) Employee Benefits

Short-term employee benefits

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 within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

The Council classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are 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. Provision is made for the Council's obligation for other long-term employee benefits, which 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. Any remeasurements for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities. The Company based on past experience records employee's long service leave entitlements on commencement of their employement within the Council.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Council receive defined contribution superannuation entitlements, for which the Council pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's ordinary average salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Council's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Council's statement of financial position.

(g) Cash and Cash Equivalents

Cash and cash equivalents include 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.

(h) Trade Receivables and Other receivables

Trade and other receivables include amounts due from clients for fees and goods and services provided, from donors and any outstanding grant receipts. 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 method, less any provision for measurement. Refer to Note 1(e) for further discussions on the determination of impairment losses.

(i) Contract Assets

Contract assets are recognised when the Council has transferred goods or services to the customer and or completed required performance obligations, but has yet to establish unconditional rights to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(j) 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.

(k) 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* .

(l) Intangibles

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Council during the reporting period that remain unpaid at the end of the reporting period. Trade payables are recognised at their transaction price. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Contract Liabilities

Contract liabilities represent the Council's obligation to transfer goods or services to a customer or complete required performance obligations and are recognised when a customer pays consideration, or when the Council recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Council has transferred the goods or services to the customer and or completed required performance obligations.

(o) Provisions

Provisions are recognised when the Council 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.

(p) Comparative Figures

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

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(q) Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Council.

Key Estimates

(i) Valuation of buildings

The properties located at Section 62 (142) Wagait Tower Road, Wagait Beach NT and Section 110 (50) Forsyth Road, Wagait Beach NT were revalued on 4 May 2021, by an independent licensed and registered valuer Mr R Copland, Certified Practising Valuer (Bus, Prop), B Comm. (Ag VFM), F.A.P.I., C.P.P. The valuation of these properties is based on the fair value of each identifiable property. The fair value of these property assets has been established by reference to their most probable price in a competitive and open market and included the provision of services and made on the basis of their existing use. The revalued amount of land and buildings asset at 30 June 2021 is $1,630,750.

(ii) Useful lives of property, plant and equipment

As described in Note 1(c), the Council reviews the estimated useful lives of property, plant and equipment at the end of each reporting period, based on the expected utility of the assets.

(iii) Impairment- General

The Council assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Council that may be indicative of impairment triggers.

Impairment of leasehold improvements and plant and equipment

The Council assesses impairment of infrastructure and plant and equipment at each reporting date by evaluating conditions specific to the Council and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. There was no provision for impairment of infrastructure and plant and equipment at 30 June 2021 (2020: $Nil). During 2021 the Council based on an independent valuation performed on two properties by $1,640,000, impaired these properties by $878,557 (2020 : $Nil).

Impairment of accounts receivable

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. Provision for impairment of receivables at 30 June 2021 amounted to $12,115 (2020: $4,237).

Key judgments

(i) Performance Obligations Under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature / type, cost /value, quantity and the period of transfer related to the goods or services promised.

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(r) Fair Value of Assets and Liabilities

The Council measures some of its assets at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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

"Fair value" is the price the Council would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transactions between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

The fair value of liabilities and the Council's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(s) Economic Dependence

The Council is dependent upon the ongoing receipt of grants from the Northern Territory Government to ensure the continuance of its activities. At this date of this report management has no reason to believe that Council will not continue to receive funding support from the Government

(t) Adoption of New and Revised Accounting Standards

Initial adoption of AASB 2020-04 COVID-19 - Related Rent Concessions

AASB 2020-4 Amendments to Australian Accounting Standards - Covid-19-Related Rent Concession amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3 Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets. The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 3 Revenue and Other Income

		2021	2020
3A	**Rates and annual charges**	**$**	**$**
	Ordinary rates		
	Residential, business and rural flat rate	366,262	236,417
	Waste management levy	119,116	116,400
	Total rates and annual charges	485,378	352,817

		2021	2020
3B	**User charges and fees**	**$**	**$**
	Jetty and boat ramp maintenance	124,170	83,492
	Power and water contract income	37,734	37,205
	Weed management income	1,380	1,993
	Other fees and charges	13,307	20,072
	Other income	-	1,460
	Total User charges and fees	176,591	144,222

		2021	2020
3C	**Grants and Contributions**	**$**	**$**
	General purpose grants (untied)		
	FAA - General purpose component	18,713	11,282
	FAA - Roads to recovery component	85,370	56,010
	Northern Territory Government operating grants		
	General purpose component	208,021	208,021
	Department of Tourism, Sport and Culture	20,718	25,802
	Department of Infrastructure and Regional	-	-
	Northern Territory Government non- recurring grants		
	Specific purpose	43,750	44,205
	Non Government grants and contributions		
	Australia Day Council	3,000	2,000
	Total grants and contributions	379,572	347,320

		2021	2020
3D	**Interest**	**$**	**$**
	Financial Institutions	11,859	16,000
	Total Interest	11,859	16,000

		2021	2020
3E	**Gains/ (loss) on disposal property, plant and equipment**	**$**	**$**
	Gains and Losses	18,181	-
	Total Gains/ (loss) on disposal property, plant and equipment	18,181	-

Note 4 Expenses

4A Employee Cost

	2021 $	2020 $
Salaries and Wages	394,155	370,157
Superannuation	36,633	33,988
Leave Expense	24,981	23,901
Recruitment	-	2,727
Training and development	3,885	5,286
Total employee cost	459,654	436,059

4B Materials and contracts

	2021 $	2020 $
Regular Bin and Waste Collection	81,653	83,744
Insurance	37,949	33,175
Repairs &Maintenance	28,536	37,137
Accounting	21,194	10,904
Motor Vehicle Expenses	10,908	11,284
Other Grant Expenses	106,702	6,308
Consultant fees	11,377	6,633
Travel & Accommodation	4,287	5,375
Community Activities and Functions	6,057	5,101
Safety Supplies & Equipment	-	4,747
Total materials and contracts	308,663	204,408

4C Depreciation

	2021 $	2020 $
Buildings	50,881	55,569
Sports Ground	39,686	37,996
Plant and equipment	41,671	36,728
Office equipment	120	120
Infrastructure	4,274	4,283
Motor vehicles	10,397	16,110
Right of Use Assets -Motor Vehicles	9,049	-
Total Depreciation	156,078	150,806

4D Other operating expenses

	2021 $	2020 $
Audit services	-	15,050
Other services	-	-
Admin expenses	52,254	22,781
Power Water & Gas	4,473	6,265
Other Expenses	25,520	24,851
Interest expense on lease liabilities	2,066	-
Total Other operating expenses	84,313	68,947

Note 5 Cash on Hand and at Bank

CURRENT	Note	2021 $	2020 $
Cash at Bank		1,768,806	1,536,103
Total Cash on Hand and at Bank		1,768,806	1,536,103
Restricted cash and cash equivalents summary			
Purpose			
External restrictions			
Included in liabilities			
Contract liability	10	306,152	297,966
Included in revenue			
Total external restrictions		306,152	297,966
Internal restrictions			
Included in liabilities			
Employee leave entitlements	12	99,391	74,410
Total external restrictions		99,391	74,410
Total unrestricted		1,363,263	1,163,727
Total Cash on hand and at bank	13(a), 19	1,768,806	1,536,103

Note 6 Trade and Other Receivables

	Note	2021 $	2020 $
CURRENT			
Receivables :			
Rates and annual charges		20,262	42,830
Less :Provision for impairment of receivables		(12,115)	(4,237)
Total Unrestricted accounts receivable and other debtors		8,147	38,593
Other Receivables :			
GST (net) receivable (payable)		(332)	960
Total Other receivables		(332)	960
Total current trade and other receivables	19	7,815	39,553

The Council normal credit term is 30 days. No interest is charged for the first 30 days from the date of invoice. Thereafter, interest is charged at 17% per annum, which is calculated on a daily basis, on the outstanding balance.

Movement (recoveries) in allowance for impairment of receivables	2021 $	2020 $
Balance at beginning of the year	4,237	-
Increment/ (Reduction) in allowance	7,878	4,237
Balance at the end of the year	12,115	4,237

Note 7 **Property, Plant and Equipment**

	Note	2021 $	2020 $
Land			
At independent valuation 2015		-	400,000
At independent valuation 2021		350,000	-
Total Land		350,000	400,000
Buildings			
At independent valuation 2015		-	2,222,727
At independent valuation 2021		980,000	-
At cost		-	14,741
Less Accumulated depreciation		(4,083)	(111,727)
		975,917	2,125,741
Sports Ground			
At cost		-	379,958
At independent valuation 2021		310,000	-
Less Accumulated depreciation		(5,167)	(339,980)
		304,833	39,978
Total Buildings		1,280,750	2,165,719
Total Land and Buildings	21	1,630,750	2,565,719
Infrastructure at cost:			
At cost		484,500	484,500
Less Accumulated depreciation		(470,793)	(466,519)
		13,707	17,981
Plant and equipment:			
Plant and equipment:			
At cost		598,250	561,504
Less Accumulated depreciation		(391,890)	(350,219)
		206,360	211,285
Office equipment:			
At Cost		175,930	175,930
Less Accumulated depreciation		(175,157)	(175,037)
		773	893
Motor vehicles:			
At Cost		73,399	118,733
Less Accumulated depreciation		(59,310)	(78,683)
		14,089	40,050
Total Plant and Equipment		234,929	270,209
Total property, plant and equipment		1,865,679	2,835,928

Movements in Carrying Amounts

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

	Land $	Buildings $	Sports Ground $	Plant and Equipment $	Infrastructure $	Office equipment $	Motor Vehicles $	Total $
Carrying amount at 1 July 2020	400,000	2,125,741	39,978	211,285	17,981	893	40,050	2,835,928
Increment/ (Decrement)	(50,000)	(1,098,943)	270,386	-	-	-	-	(878,557)
Additions at cost	-	-	34,155	36,746	-	-	-	70,901
Disposals	-	-	-	-	-	-	(15,564)	(15,564)
Depreciation expense	-	(50,881)	(39,686)	(41,671)	(4,274)	(120)	(10,397)	(147,029)
Carrying amount at 30 June 2021	350,000	975,917	304,833	206,360	13,707	773	14,089	1,865,679

Valuation of Building and Improvements

The properties located at Section 62 (142) Wagait Tower Road, Wagait Beach NT and Section 110 (50) Forsyth Road, Wagait Beach NT were revalued on 4 May 2021, by an independent licensed and registered valuer Mr R Copland, Certified Practising Valuer (Bus, Prop), B Comm. (Ag VFM), F.A.P.I., C.P.P. The valuation of these properties is based on the fair value of each identifiable property. The fair value of these property assets has been established by reference to their most probable price in a competitive and open market and included the provision of existing services and was made on the basis of their existing use. The valuation of these properties resulted in an impairment loss recognised in the 2021 other comprehensive income of $878,557.

Note 8 Right of Use Assets

(a) AASB 16 Related Amounts Recognised in the Balance Sheet

Right of Use Assets	**2021**	**2020**
	$	**$**
Leased Motor Vehicles	54,294	-
Less Accumulated depreciation	(9,049)	-
Total right of use assets	45,245	-

The Council's lease portfolio includes motor vehicles. These leases have an average of 4 year as their lease term.

Movements in Carrying Amounts	**MV**	**Total**
	$	**$**
Carrying amount at 1 July 2020	-	-
Additions at cost	54,294	54,294
Depreciation expense	(9,049)	(9,049)
Carrying amount at 30 June 2021	45,245	45,245

(b) AASB 16 Related Amounts Recognised in the Statement of Profit and Loss

	2021	**2020**
	$	**$**
Depreciation charge related to right of use assets	9,049	-
Interest expense on lease liabilities	2,066	-
Short Term leases expense	1,903	-
	13,018	-

Note 9 Trade and Other Payables

	Note	**2021**	**2020**
		$	**$**
CURRENT			
Sundry creditors and accrued expenses		26,333	18,104
Payroll and Super liabilities		5,708	8,840
Total Trade and Other Payables		32,041	26,944

(a) Financial liabilities at amortised cost are classified as trade and other payables.

Trade and other payables:	**Note**		
— Total Current		32,041	26,944
— Total Non Current		-	-
Total trade and other payables		32,041	26,944
Financial liabilities as trade and other payables	19	32,041	26,944

Note 10 Other Contract Liabilities

	Note	**2021**	**2020**
		$	**$**
CURRENT			
Contract Liabilities - grant funded programmes		306,152	297,966
Total Other Current Liabilities		306,152	297,966

Total Contract and Unspent liabilities comprising the following grant funding amounts:

	2021	2020
Roads Grant - R2R	125,286	125,583
SCALE 2019-2020	-	100,000
Electronic Records Management System	-	3,906
Dog Pound	122	27,857
5000 ltr water tank	4,039	7,607
PIF Funding	99,703	-
LCRI	(198)	-
Healthy Lifestyle	2,200	-
WRM 21-22	75,000	-
NT Government - FAA Roads	-	29,037
NT Government - FAA Operational	-	3,976
Total Other Contract Liabilities	306,152	297,966

(b) Contract liabilities - movement in amounts :	**2021**
Balance at the beginning of the year	297,966
Additions: Grants for which performance obligations will only be satisfied	176,736
in subsequent years	-
Expended : Grants acquitted or utilised during the year	(168,550)
Closing balance	306,152

Note 11 Lease Liabilities

	Note	2021 $	2020 $
CURRENT			
Leases - MV		12,939	-
		12,939	-
NON-CURRENT			
Leases - MV		33,045	-
		33,045	-
Total Lease Liabilities	19, 21	45,984	-

The lease liabilities are secured by the underlying assets and are subject to the terms of their individual lease agreements.

Note 12 Employee Provisions

	2021 $	2020 $
CURRENT		
Provision for employee benefits: annual leave	53,283	39,517
Provision for employee benefits: long service leave	38,653	30,252
	91,936	69,769
NON-CURRENT		
Provision for employee benefits: long service leave	7,455	4,641
	7,455	4,641
Total provisions for employee benefits	99,391	74,410

Analysis of total provisions:	**Total $**
Opening balance at 1 July 2020	74,410
Net change in the provision during the year	24,981
Balance at 30 June 2021	99,391

Provision For Employee Benefits

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Council does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Council does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(f).

Note 13 Reserves

	Note	2021 $	2020 $
Asset Revaluation Reserve			
Balance at beginning of reporting year		1,870,024	1,870,024
Revaluation/ Increment (decrement)		(878,557)	-
Balance at end of the reporting year		991,467	1,870,024

The asset revaluation reserve arises on the revaluation of buildings and improvements. Where a revalued item of property, plant and equipment is sold, that portion of asset revaluation reserve which relates to that asset and is effectively realised, is transferred directly into retained earnings.

	2021 $	2020 $
Asset Replacement and maintenance reserve		
Balance at beginning of reporting year	500,000	500,000
Transfer to reserve	-	-
Balance at end of the reporting year	500,000	500,000
Total reserves	1,491,467	2,370,024

The asset replacement and maintenance reserve is maintained to replace roads and motor vehicles as the need arises.

Note 14 Key Management Remuneration

	2021 $	2020 $
Short- term employment benefits	127,132	122,592
Post employment benefits	11,687	11,170
Total Key Management Remuneration	138,819	133,762

Other Related Party Disclosure

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel or individual or collectively with their close family members.

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no other related party transactions in 2021 (2020 :$Nil).

Note 15 Cash Flow Information

	Note	2021 $	2020 $
(a) Reconciliation of cash and cash equivalents to Statement of Cash Flows :			
Cash on hand and at bank	5	1,768,806	1,536,103
Total cash as stated in the Statement of cash flows		1,768,806	1,536,103
(b) Reconciliation of Cash Flow from Operating Activities with Current Year Profit			
Profit for the current year		62,873	139
Non-cash flows:			
Depreciation and amortisation expense		156,078	150,806
Gain/ (losses) on disposal of property, plant and equipment		(18,181)	-
Interest expense on lease liabilities		2,066	-
Changes in assets and liabilities:			
(Increase)/decrease in Trade and Other Receivables		31,738	(16,853)
(Increase)/decrease in Prepayments		7,397	-
Increase/(decrease) in Trade and Other payables		5,097	(21,482)
Increase/(decrease) in Other Contract liabilities		8,186	185,818
Increase/(decrease) in Employee Provisions		24,981	23,899
Net cash provided by operating activities		280,235	322,327

Note 16 **Lease and Capital Expenditure Commitments Outstanding:**

(a) Lease Commitments

	2021	2020
Leasehold rental commitments	$	$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,903	1,929
One to five years	1,104	2,986
More than 5 years	-	-
	3,007	4,915

The non-cancellable operating leasing commitments in 2021 is for a low valued asset photocopier.

The Northern Territory Government allows the Council to use their Sports Ground Land for free. As a result the Council has a Crown lease and expiring date in Perpetuity with the NT Government for its Sports Ground Property Section 110 (50) plans S98/294 Wagait Tower Road. As previously noted the Council has adopted the temporary relief under AASB 2018-8 in relation to Peppercorn Lease.

(b) Capital Expenditure Commitments

The Council has no capital expenditure commitments as at 30 June 2021 (2020:$Nil).

Note 17 **Contingent Liabilities and Contingent Assets**

The Council has no Contingent Liabilities and Contingent Assets as at 30 June 2021 (2020:$Nil).

Note 18 **Events After the Reporting Period**

The Councillors are not aware of any significant events since the end of the reporting period that have significantly affected, or may significantly affect the Corporation's operations, the results of those operations, or the Corporation's state of affairs in future financial years.

Note 19 **Financial Risk Management**

The Council’s financial instruments consist mainly of deposits with banks accounts, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021	2020
Financial assets		$	$
Cash on hand	5	1,768,806	1,536,103
Trade and other receivables	6	7,815	39,553
Total financial assets		1,776,621	1,575,656
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	8	32,041	26,944
Lease liabilities	11	45,984	-
Total financial liabilities		78,025	26,944

Financial Risk Management Policies

Management is responsible for mentoring and managing the Council's compliance with its risk management strategy. 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 has been no substantive change in the types of risk the Council is exposed to, how these risks arise, management's objectives, policies and procedures for managing or measuring risks from the previous period.

Note 20 **Financial Risk Management (Cont.)**

a. 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 for the Council.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Legislative restrictions on Council's investment powers effectively limit investments to financial instruments issued or guaranteed by Australian Governments, banks and authorised 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 Council has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 6.

b. Liquidity risk

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

> preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities.

> maintaining short term investments to cater for unexpected volatility in cash flows.

> monitoring the ageing of receivables and payables.

> maintaining a reputable credit profile.

> managing credit risk related to financial assets.

> only investing surplus cash with major financial institutions.

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.

The financial instruments that expose the Council to interest rate risk are limited to cash and cash equivalents.

The Council also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Sensitivity analysis

The following table illustrates sensitivities to the Council's exposures to changes in interest. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2021 $	2020 $
Surplus $		
(+/- 1% in interest rates)	16,525	14,116

No sensitivity analysis has been performed on foreign exchange risk as the entity has no material exposures.

Refer to Note 18 for detailed disclosures regarding the fair value measurements of the Council financial assets.

Note 21 Fair Values Measurements

Fair value estimation

The Council measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- freehold land and buildings.

The Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities on a non-recurring basis.

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

	Note	2021 Carrying Amount $	2021 Fair Value $	2020 Carrying Amount $	2020 Fair Value $
Financial assets					
Cash on hand and at bank	5,19	1,768,806	1,768,806	1,536,103	1,536,103
Trade and other receivables	6,19	7,815	7,815	39,553	39,553
Total financial assets		1,776,621	1,776,621	1,575,656	1,575,656
Financial liabilities					
Trade and other payables	8, 19	32,041	32,041	26,944	26,944
Lease Liabilities	11, 19	45,984	45,984	-	-
Total financial liabilities		78,025	78,025	26,944	26,944

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Lease liabilities fair values are assessed on an annual basis by Management and the Directors . Current available data is used in assessing their carrying and fair values.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability."

	Note	2021 Carrying Amount $	2021 Fair Value $	2020 Carrying Amount $	2020 Fair Value $
Non-Financial assets					
Land and Buildings	7	1,630,750	1,630,750	2,565,719	2,565,719
Total non- financial assets		1,630,750	1,630,750	2,565,719	2,565,719

(i) The properties located at Section 62 (142) Wagait Tower Road, Wagait Beach NT and Section 110 (50) Forsyth Road, Wagait Beach NT were revalued on 4 May 2021, by an independent licensed and registered valuer Mr R Copland, Certified Practising Valuer (Bus, Prop), B Comm. (Ag VFM), F.A.P.I., C.P.P. The valuation of these properties is based on the fair value of each identifiable property. The fair value of existing assets has been established by reference to their most probable price in a competitive and open market and included the provision of services and was made on the basis of their existing use. The valuation of these properties resulted in an impairment loss recognised in the 2021 other comprehensive income of $878,557.

Note 22 Council Details

Wagait shire council is a local government body formerly called Cox Peninsular Government Council.

The Principal place of business is:

142 Wagait Tower Road
Wagait Beach NT 0822