



Litchfield Council Annual Report 2013/2014

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Letter of Representation

The Hon Adam Giles MLA
Minister for Local Government and Regions
Parliament House
Darwin NT 0800

Dear Minister

In accordance with Part 14.1 of the Local Government Act, I am pleased to present you with the Annual Report for Litchfield Council for the year ending 30 June 2014.

I advise that this report meets the annual reporting requirements as outlined in the Local Government Act and contains:

- A copy of the council's audited financial statement for 2013/2014
- An assessment of the council's performance against key performance indicators outlined in the Litchfield Council Municipal Plan

I advise to the best of my knowledge and belief that:

- Proper records of all transactions affecting the council have been kept
- Procedures within council are monitored accordingly and a current list of all procedures are available for download on the Litchfield Council website
- No indication of fraud, malpractice, major breaches of legislation, or major errors or omissions, exist in this annual report

Yours sincerely,



Allan McKay
Mayor
October 2014

About this report

The Litchfield Council Annual Report meets the legislative reporting obligations of the Council. This report aims to provide council stakeholders, government, employees, organisations and individuals with information pertaining to the council's operations for the 2013/2014 financial year.

The Annual Report can be downloaded from the Litchfield Council website:

www.litchfield.nt.gov.au or

alternatively, you can request a hard copy by visiting Council offices or by phoning 08) 8983 0600.

Office Address:

7 Bees Creek Road, Freds Pass

Postal Address:

PO Box 446, Humpty Doo 0836

Phone:

08) 8983 0600

Fax:

08) 8983 1165

Email:

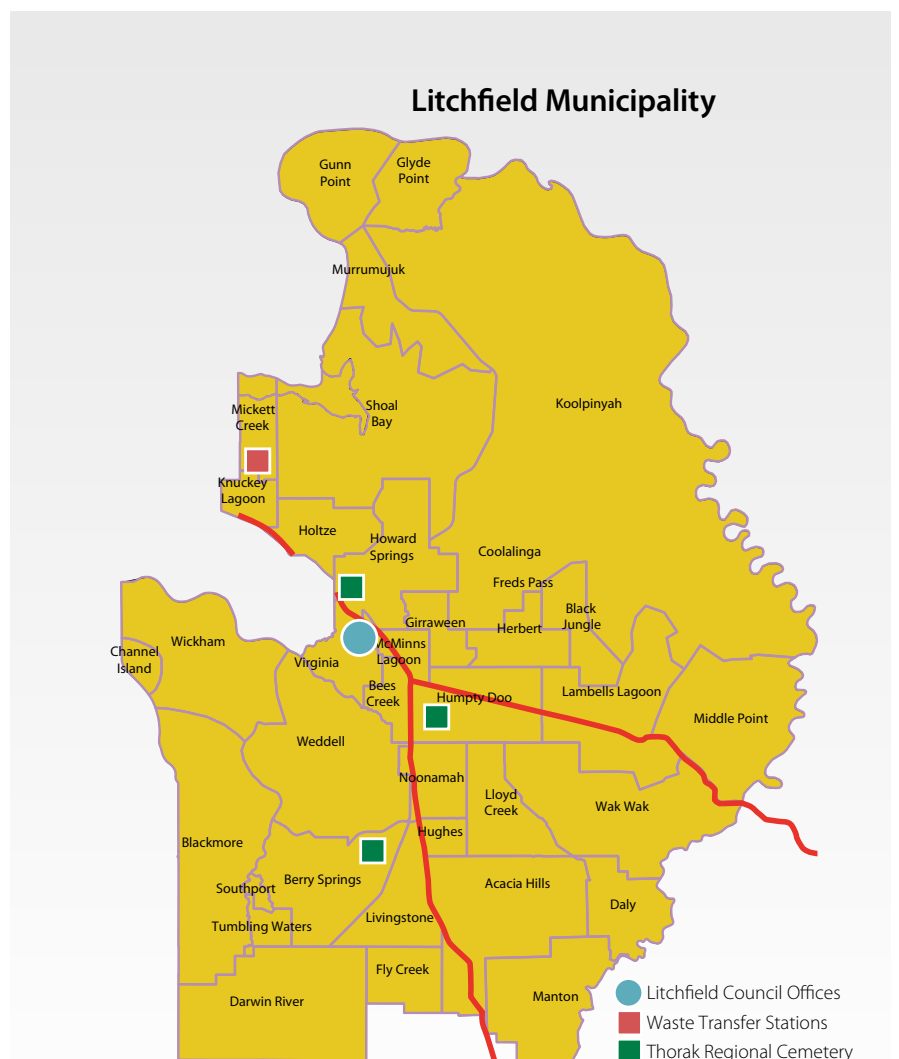
council@lsc.nt.gov.au

Web:

[www.litchfield.nt.gov.gov.au](http://www.litchfield.nt.gov.au)

Business Hours of Operation:

8.15am-4.30pm Monday-Friday



About Litchfield Council

The Litchfield Municipality encompasses a 3,100 square km area of the Northern Territory. It was created by the Northern Territory Government in 1985. It has a population of approximately 20,650 people.

The Litchfield Municipality is home to major Northern Territory planning developments across the agricultural, oil and gas, and health sectors. These include the Inpex Ichthys LNG Project, and the proposed site for a new major regional hospital.

The Litchfield Council is made up of five councillors, including the Mayor. They represent residents and ratepayers across four electoral wards and are elected by the people. General elections are held every four years. The current term began in 2012, with the next election scheduled for 2016.

Councillors

| | |
|----------------|-------------------------|
| Allan McKay | Mayor |
| Matthew Salter | North Ward Councillor |
| Judy Cole | Central Ward Councillor |
| Mike Bowman | East Ward Councillor |
| Vic Statham | South Ward Councillor |

Council Meetings and Allowances

Council meetings were held on the second Thursday of every month in the council chambers. Since 2012 Litchfield Council has had a full time Mayor and four elected members known as Councillors.

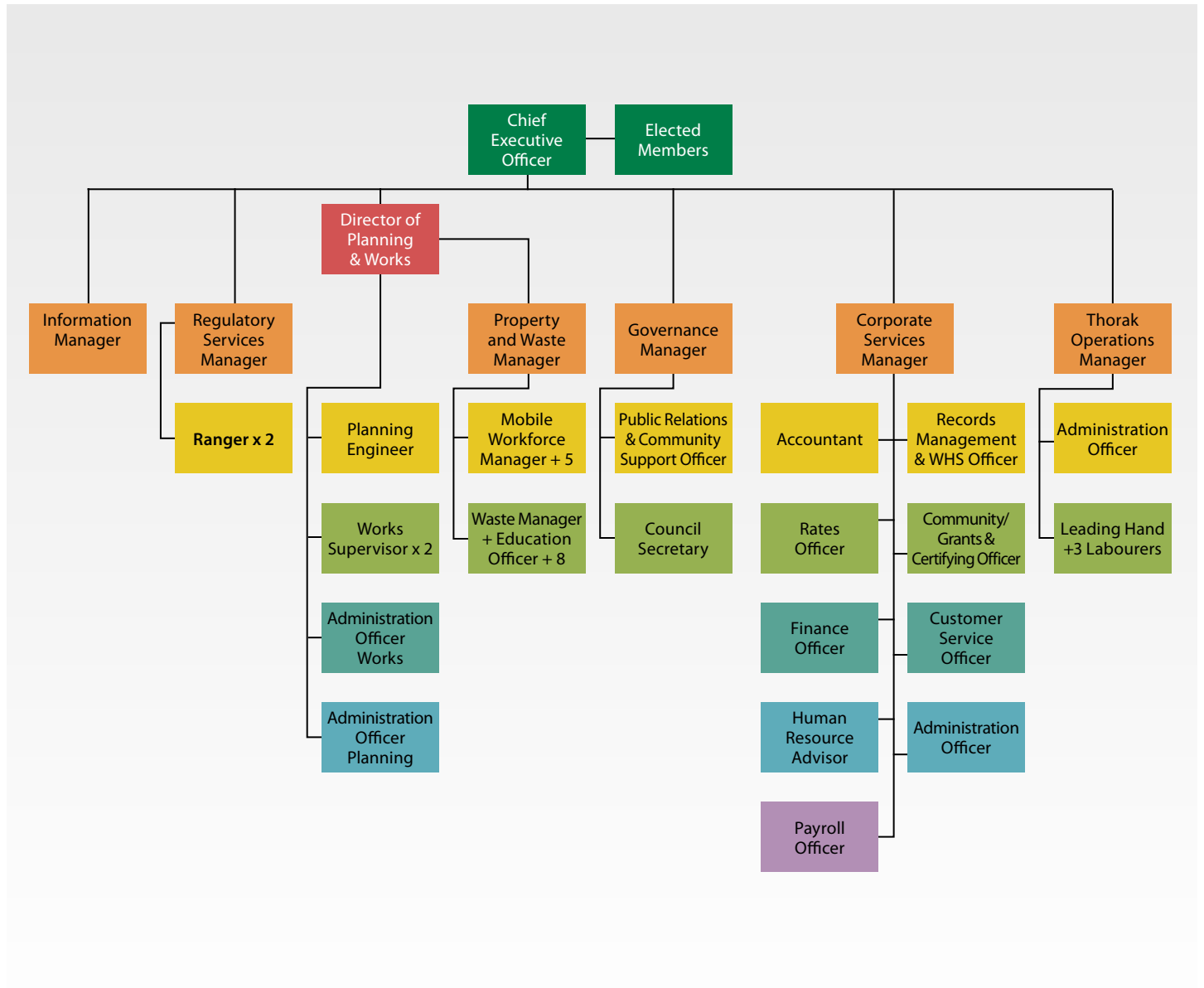
In the year ending 30 June 2014 Council held a total of 12 ordinary meetings, 9 public meetings, and 18 special meetings.

Elected members also represented the council at other meetings, forums and community events throughout the year. The total cost for fees and allowances was \$189,352.20.

| | Mayor | North | East | Central | South |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Total allowances | \$86,397.72 | \$25,160.23 | \$22,864.64 | \$20,235.84 | \$34,693.77 |



Organisational Chart 2013 - 2014



Statement of Key Performance Indicators

Governance

| | | |
|-------------------------------------------------------|--------------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Compliance with statutory and regulatory requirements | 100% | Achieved |
| Councillors meeting attendance | >10 meetings | Achieved |

Corporate

| | | |
|----------------------------------------------------------------------|-------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Reduce balance of outstanding rates | >30% | Achieved |
| Compliance with acquittal procedure for grants and allocated funding | 100% | Achieved |
| Council operating within budget of a variance less than | 5% | Achieved |

Regulatory Services

| | | |
|---------------------------------------------------------------|---------------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Provide dog safety program to schools within the municipality | >4 schools | Ongoing improvement |
| Dog microchip records on Council's registration database | >1500 records | Achieved |

Infrastructure

| | | |
|-----------------------------------------------------------------------------------------------|--------------------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Provide safe unsealed roads within the municipality by grading all unsealed roads | >4 rounds grading | Achieved ongoing |
| Clearing and rehabilitation of open unlined drains and culverts | >80% serviceable | Achieved |
| Effective weed management program to minimise spread of noxious weeds within the municipality | >2 rounds spraying | Achieved ongoing |

Waste Management

| | | |
|--------------------------------------------------|-------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Reduce tonnage of waste transferred to Shoal Bay | >10% | Achieved ongoing |
| Mulch and sell green waste | >80% | Achieved |

Community Services

| | | |
|--------------------------------------------------------------------------|-------------------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Providing active support and participation in community generated events | >12 attendance | Achieved |
| Community organisation access and usage of Council's website | >12 organisations | Achieved |

Property and Recreation

| | | |
|-------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| To ensure Council's seven reserves are supported with adequate assistance to the Board's with minor new works to be compliant | 100% | Ongoing |
| The maintenance of Council properties to meet all legislation requirements | >50% | Ongoing |

Cemetery

| | | |
|------------------------------------------------------------------|-----------------|-----------------------|
| KPIs | 13/14 | Actions to 30/06/2014 |
| Increase new revenue services | >2 new services | Achieved |
| Community satisfaction with the operations, grounds and services | >75% | Achieved |

**Litchfield Council
General Purpose Financial Report
for the year ended 30 June 2014**

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LITCHFIELD COUNCIL**

Scope

We have audited the accompanying financial report of the Litchfield Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the certification of financial statements.

The responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer for the Litchfield Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Local Government Act (NT) 2011 and Local Government (Accounting) Regulations 2014. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on the financial report 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 whether the financial report is free from material misstatement.

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

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

Basis for Qualified Opinion

Sealed and Unsealed Road Infrastructure

The sealed and unsealed road infrastructure asset classifications have a carrying value of \$173,363,046 and \$30,786,286 respectively. Whilst the fair value of these road infrastructure assets have been valued using current market unit rates, the condition of the individual assets has not been considered during the valuation process. Thus, these assets are recorded at a fair value as if they were new assets, with no recognition of loss of service potential relating to the condition of each individual asset. This has resulted in the carrying amounts relating to sealed and unsealed roads being overstated. We could not obtain sufficient audit evidence to quantify the amount of overstatement.

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Depreciation Expense

Due to the overstated fair value of the sealed roads infrastructure and the inability to determine with any reliability the values associated with each component of the sealed road infrastructure, we could not obtain sufficient audit evidence to determine whether the depreciation expense for sealed roads was reasonable. Consequently we were unable to determine whether any adjustment to this amount was necessary.

Unsealed road infrastructure has not incurred a depreciation charge for both the years ended 30 June 2013 and 2014. This is a departure from Australian Accounting Standard AASB 116 – Property, Plant and Equipment, which requires a depreciation charge to be incurred at a rate that reflects the pattern of consumption of the asset. Each year the service potential of unsealed roads deteriorates and this should be reflected as a depreciation charge. The decision to not depreciate unsealed road infrastructure has misstated the depreciation expense recorded in the statement of comprehensive income. We could not obtain sufficient audit evidence to quantify the amount of the understatement.

Qualified Auditor's Opinion

In our opinion, except for the effects of the matters outlined in the Basis for Qualified Opinion section,

- a) the financial report presents fairly, in all material respects, the financial position of the Litchfield Council as of 30 June 2014, and its financial performance and cash flows for the year then ended; and
- b) is in accordance with the Local Government Act (NT) 2011, Local Government (Accounting) Regulations 2014 and the Australian Accounting Standards (including Australian Accounting Interpretations).


UHY HAINES NORTON



DAVID TOMASI

DATED THIS 6TH DAY OF OCTOBER 2014

25 PEEL STREET, ADELAIDE SA 5000

**CHIEF EXECUTIVE OFFICER'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

I, Iain Wilson, the Chief Executive Officer of the Litchfield Council, certify that the Annual Financial Statements:

- (a) have been drawn up properly in accordance with all applicable Accounting Standards, the applicable Local Government Act and Local Government (Accounting) Regulations so as to present fairly the financial position of the Council, its results and cash flows for the year ended 30 June 2014; and
- (b) are in accordance with the accounting and other records of the Council.



Chief Executive Officer
Date 3 October 2014

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|-----------------------------------------------------------|------|--------------------|--------------------|
| OPERATING REVENUE | | | |
| Rates and annual charges | 3(a) | 7,969,002 | 7,454,733 |
| Interest revenue | 3(b) | 917,787 | 1,122,328 |
| Grants and contributions provided for operating purposes | 3(c) | 1,546,435 | 2,679,890 |
| Other operating revenue | 3(d) | 1,184,900 | 1,095,741 |
| Gain on disposal of assets | 5 | 324 | 29,858 |
| Total Operating Revenue | | 11,618,448 | 12,382,550 |
| OPERATING EXPENSES | | | |
| Employee costs | 4(a) | 4,593,266 | 3,893,287 |
| Materials and contracts | 4(b) | 4,392,983 | 4,173,485 |
| Depreciation and amortisation | 4(c) | 4,527,510 | 4,609,204 |
| Other operating expenses | 4(d) | 2,772,813 | 2,629,413 |
| Loss on disposal of assets | 5 | 15,008 | 159,410 |
| Land under roads derecognised | | - | 2,462,735 |
| Total Operating Expenses | | 16,301,580 | 17,927,534 |
| OPERATING RESULTS (DEFICIT) BEFORE CAPITAL AMOUNTS | | (4,683,132) | (5,544,984) |
| Grants and contributions provided for capital purposes | 3(e) | 3,048,439 | 4,203,817 |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | | (1,634,693) | (1,341,167) |
| Other Comprehensive Income | | | |
| Asset revaluation reserve | | (1,190,994) | 44,687,314 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | | (2,825,687) | 43,346,147 |

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ | 1 July 2012 \$ |
|--------------------------------------|-------|--------------------|--------------------|--------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 6 | 15,541,752 | 16,609,144 | 15,318,802 |
| Receivables | 7 | 3,233,260 | 3,908,040 | 4,530,362 |
| Total current assets | | 18,775,012 | 20,517,184 | 19,849,164 |
| Non-current assets | | | | |
| Property, plant and equipment | 8 | 259,923,437 | 262,744,510 | 214,777,890 |
| Work in progress | 1(d) | 274,752 | 3,269 | 3,563,538 |
| Total non-current assets | | 260,198,189 | 262,747,779 | 218,341,428 |
| Total Assets | | 278,973,201 | 283,264,963 | 238,190,592 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Creditors | 9 | 1,394,876 | 3,136,219 | 1,671,617 |
| Provisions | 9 | 439,573 | 341,593 | 118,243 |
| Total current liabilities | | 1,834,449 | 3,477,812 | 1,789,860 |
| Non-current liabilities | | | | |
| Provisions | 9 | 257,664 | 80,375 | 40,104 |
| Total non-current liabilities | | 257,664 | 80,375 | 40,104 |
| Total Liabilities | | 2,092,113 | 3,558,187 | 1,829,964 |
| Net Assets | | 276,881,088 | 279,706,775 | 236,360,628 |
| EQUITY | | | | |
| Accumulated surplus | | 47,880,108 | 49,142,658 | 56,788,736 |
| Revaluation Surplus | 17(1) | 217,567,026 | 218,758,020 | 174,070,706 |
| Other reserves | 17(1) | 11,433,954 | 11,806,097 | 5,501,186 |
| Total Equity | | 276,881,088 | 279,706,775 | 236,360,628 |

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|----------------------------------------------------|--------------|--------------------|--------------------|
| Accumulated Surplus | | | |
| Balance at end of prior reporting period | | 49,142,658 | 55,090,763 |
| Adjustments made to prior reporting period | 18(c), 18(d) | - | 1,697,973 |
| Restated Opening Balance | | 49,142,658 | 56,788,736 |
| Change in net assets resulting from operations | | (1,634,693) | (1,341,167) |
| Transfers to other reserves | 17(1) | (1,629,840) | (11,172,530) |
| Transfers from other reserves | 17(1) | 2,001,983 | 4,867,619 |
| Balance at end of the reporting period | | 47,880,108 | 49,142,658 |
| Revaluation Surplus | | | |
| Balance at end of prior reporting period | | 218,758,020 | 175,278,838 |
| Adjustments made to prior reporting period | 18(a) | - | (1,208,132) |
| Restated Opening Balance | | 218,758,020 | 174,070,706 |
| Other comprehensive income for the year | | (1,190,994) | 44,687,314 |
| Balance at end of the reporting period | 17(1) | 217,567,026 | 218,758,020 |
| Other Reserves | | | |
| Balance at end of prior reporting period | | 11,806,097 | 5,599,500 |
| Adjustments made to prior reporting period | 18(b) | - | (98,314) |
| Restated Opening Balance | | 11,806,097 | 5,501,186 |
| Transfers to reserves | | (2,001,983) | (4,867,619) |
| Transfers from accumulated surplus | | 1,629,840 | 11,172,530 |
| Balance at end of the reporting period | 17(1) | 11,433,954 | 11,806,097 |
| Total equity at end of the reporting period | | 276,881,088 | 279,706,775 |

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|-------------------------------------------------------------|--------------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from rates and annual charges | | 8,900,152 | 8,176,923 |
| Interest received | | 921,896 | 854,485 |
| Operating grants and contributions | | 1,011,058 | 3,007,994 |
| Capital grants and contributions | | 2,258,958 | 1,744,374 |
| Receipt of monies held in trust | | 161,220 | 75,763.00 |
| Other operating receipts | | 1,276,402 | 1,505,891 |
| Employee costs | | (4,257,142) | (3,629,666) |
| Payments to suppliers | | (6,324,326) | (3,817,571) |
| Other operating payments | | (2,691,833) | (1,959,712) |
| Payments of monies held in trust | | (66,213) | (11,863) |
| Net cash flows from operating activities | 10(b) | 1,190,172 | 5,946,618 |
| Cash flows from investing activities | | | |
| Proceeds from sale of assets | | 47,727 | 102,764 |
| Acquisition of property, plant and equipment | | (2,305,291) | (4,759,040) |
| Net cash flows used in investing activities | | (2,257,564) | (4,656,276) |
| Net increase/(decrease) in cash and cash equivalents | | (1,067,392) | 1,290,342 |
| Cash and cash equivalents at the beginning of the year | | 16,609,144 | 15,318,802 |
| Cash and cash equivalents at the end of the year | 10(a) | 15,541,752 | 16,609,144 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies

This note sets out the principal accounting policies adopted in the preparation of the financial statements by Council as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Local Government Reporting Entity

The consolidated fund through which the Council controls resources to carry on its functions has been included in the financial statements forming part of this report.

A summary of activities along with their contribution to the operating result and their net assets is provided at note 2(a). In the process of reporting on the local government as a single unit, all transactions and balances between those activities (for example, loans and transfers between activities) have been eliminated.

The Council is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all moneys and property received by the Council in trust which must be applied only for the purpose of, or in accordance with, the trusts relating to those moneys.

A separate statement of moneys held in the Trust Fund is available for inspection at the Council's office by any person free of cost.

Statement of Compliance

This general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards as they apply to not-for-profit entities, the requirements of the Local Government Act, the Local Government (Accounting) Regulations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue by certificate under clause 16 of the Local Government (Accounting) Regulations dated 3 October 2014.

Basis of Preparation

The financial statements have been prepared on an accrual basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets. Historical cost is based on the fair value of the consideration given in exchange for assets.

All amounts are presented in Australian Dollars, unless otherwise noted.

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Litchfield Council as at 30 June 2014 and the results of all controlled entities for the year then ended. The Council and its controlled entities together form the economic entity which is referred to in these financial statements as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with entities controlled by the Council have been eliminated. In addition the accounting policies of all controlled entities have been adjusted, where necessary, on consolidation to ensure that financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council.

The controlled entity is Thorak Regional Cemetery and further information is in the Thorak Regional Cemetery Special Purpose Financial Report attached to these financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Critical Accounting Judgements

In the application of the Council's accounting policies, management is required to make judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

Adoption of New and Revised Accounting Standards

In the current year, the Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Council is of the view that the new standards or interpretations has not resulted in any material changes to Council's accounting policies. However the application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB13* for the first time this year has resulted in greater disclosures.

Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period:-

- AASB 7 Financial Instruments – Disclosures
- AASB 9 Financial Instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 132 Financial Instruments: Presentation
- Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2011-8, AASB 2011-10, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6, AASB 2012-10, 2013-3, 2013-8 and 2013-9.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

(a) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

Rates

Rates are recognised as revenue when the Council obtains control over the asset comprising the receipt.

Rates are 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 revenues.

Uncollected rates are recognised as receivables. A provision is recognised when full collection is no longer probable.

Note 1: Summary of Significant Accounting Policies (Continued)

(a) Revenue Recognition (continued)

Interest Revenue

Interest is recognised as it accrues, when it is probable that the future economic benefits will flow to Council and it can be measured reliably.

Grants and Other Contributions

Grants and other contributions are recognised as revenues when the Council obtains control over, or the right to receive the assets, it is probable that future economic benefits comprising the asset will flow to the Council, and the amount can be reliably measured.

Control over granted and contributed assets is normally obtained upon their receipt (or acquittal) or upon notification that a grant has been secured and is valued at the fair value at the date of transfer.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

(b) Cash, Cash Equivalents and Investments

Cash and cash equivalents comprises cash on hand and demand deposits with a maturity of three months or less from the date of acquisition. Investments are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(c) Other Financial Assets

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance is made for amounts which are considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. The Council did not have an overdraft during the year.

Impairment of Financial Assets

Financial assets are reviewed at each Statement of Financial Position date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the entity will be unable to collect all amounts due.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets, including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against an allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

(c) Financial Assets (continued)

Impairment of Financial Assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of Financial Assets

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Council recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Council retains substantially all the risk and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(d) Work in Progress

Work in progress ("WIP") represents assets under construction not completed at year end. WIP is recognised at cost, less any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. WIP represents:

| | 2014 | 2013 |
|------------------------------------|---------|-------|
| | \$ | \$ |
| Certification of reserve buildings | | 3,269 |
| Radio Tower Communication | 2,183 | |
| Culvert Works Leonino Road | 247,093 | |
| Cycle Path Challinor Circuit | 11,476 | |
| Machinery/Amenities Shed | 14,000 | |
| | 274,752 | 3,269 |

(e) Property, Plant and Equipment

Recognition of Property, Plant and Equipment

Property, plant and equipment is recognised at cost when control of the asset passes to the Council. Cost includes expenditure that is directly attributable to the acquisition. Cost related to property, plant and equipment gifted, donated or granted to the Council is the fair value of the asset plus costs directly attributable to the acquisition.

Land under roads

Council has elected not to value or recognise as an asset land under roads acquired prior to 1 July 2008 in accordance with the election available under AASB 1051.

Land under roads acquired from 1 July 2008 is not recognised as an asset as in the opinion of the Council the fair value of land under roads cannot be reliably determined.

The aggregate effect of the change in the 2012/13 financial year was as follows:

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | Total |
|---------------------------------|-----------|-----------|-----------|-----------|-------------|
| Statement of financial position | | | | | |
| Property, plant and equipment | (656,376) | (707,871) | (885,185) | (213,303) | (2,462,735) |

Note 1: Summary of Significant Accounting Policies (Continued)

(e) Property, Plant and Equipment (continued)

Valuation of Property, Plant and Equipment

Land and buildings

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every five years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

Council's land and building assets were independently valued prepared by the Australian Valuation Office (South Australia) on 30 June 2006.

Infrastructure assets

The replacement value of infrastructure assets was determined by an independent valuation prepared by Maloneys Field Services on 1 July 2011.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound.

Infrastructure assets are measured at replacement cost less accumulated depreciation. The replacement cost adopted for 2013/2014 is as follows:

| | | |
|----------------|----|---------|
| Sealed roads | \$ | 326,000 |
| Unsealed roads | \$ | 250,000 |
| Formed roads | \$ | 73,000 |

These rates are the valuation rates plus 4.5% which is equivalent to the increase of costs by contractors.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Office equipment, motor vehicle and plant and equipment

Office equipment, motor vehicles and plant and equipment have not been valued and are measured at cost less accumulated depreciation and any impairment losses.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

(e) Property, Plant and Equipment (continued)

AASB 13 Fair Value Measurement

The introduction of AASB 13 Fair Value Measurement requires an increased amount of information to be disclosed in relation to fair value measurements. Council will bring forward the revaluation of all its assets from 2015/16 financial year to the 2014/15 financial year to reflect a better representation of the fair value and ensure full compliance with the standard.

In accordance with AASB 13 fair value measurements are categorised on the following basis:-

- Level 1 Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Fair value based on inputs that are directly or indirectly observable for the asset or liability
- Level 3 Fair value based on unobservable inputs for the asset and liability

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

Note 8 presents the Council's assets measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 Fair Value Measurement

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and unsealed roads. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following useful lives were used for each class of asset:

| | 2014 | 2013 |
|---------------------------------------------------------------------|--------------------|-------------|
| Buildings and infrastructure | 10-70 years | 10-70 years |
| Driveways | 5-15 years | 5-15 years |
| Plant and equipment, motor vehicles, office furniture and equipment | 3-11 years | 3-11 years |
| Sealed roads (bitumen) | 30 years | 30 years |
| Unsealed roads | n/a | n/a |

Note 1: Summary of Significant Accounting Policies (Continued)

(e) Property, Plant and Equipment (continued)

Revaluation increments and decrements

Revaluation increments and decrements arising from recognising these assets at valuation are offset against one another within the class of assets. Net revaluation increments in the carrying amounts of these assets are recognised directly in the Asset Revaluation Reserve, except to the extent that the increment reverses a decrement that was previously recognised as an expense in the net profit or loss in respect of the same class of assets in which case the increment is recognised as revenue in the net profit or loss. Net revaluation decrements in carrying amounts are recognised as an expense in the net profit or loss, except to the extent that the decrement reverses a previous revaluation increment in respect of the same class of asset credited directly to the asset revaluation reserve, in which case the decrement is debited directly to the reserve to the extent that the credit exists in respect of the same class of assets.

Impairment of Assets

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of the Council such as roads, cycle paths, public buildings and the like, value in use is represented by the deprival value of the asset, approximated by written down replacement cost.

(f) Financial Liabilities

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payments Received in Advance

Amounts (other than grants) received from external parties in advance of service deliver are recognised as liabilities until the service is delivered or the amount is refunded as the case may be.

Note 1: Summary of Significant Accounting Policies (Continued)

(g) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within 12 months

Provisions in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Employee benefits not expected to be settled within 12 months

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash flows to be made by the entity in respect of services provided by the employees up to reporting date.

Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

(h) Budget Information

Note 2(a) provides budget information of revenues and expenditure of each of the major activities of the Council. Budget figures represented are those approved by Council at the beginning of the financial year.

(i) Income Tax

The Council is tax exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

(j) Goods and Services Tax

In accordance with Interpretation 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(k) Rounding of Amounts

Unless otherwise indicated, amounts in the financial report have not been rounded and are presented in full dollars.

(l) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful lives of property, plant and equipment

The Council reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The estimated useful lives are disclosed at note 1(e).

(m) Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information.

Note 2: Components of Functions

(a) The activities relating to the Council functions reported in Note 2 (b) are as follows:

General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services. Also includes, where applicable, natural disaster relief.

Public Order and Safety

Fire protection, local emergency services, animal control and impounding, control of public places, control of signs, boarding and advertising.

Economic Affairs

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

Environmental Protection

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, groundwater and surface water.

Housing and Community

Housing, housing and community development, water supply and street lighting.

Recreation, Culture and Religion

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

Education

Student scholarships and library financial support

Cemetery

The activities include burials, cremations, internments and chapel hire.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 2: Functions

(b) Revenues, expenses and assets have been attached to the following functions/activities. The Council believes that it is not practical to reliably attribute the carrying amounts of the assets to the functions/activities.

| | General Public Services | | | Public Order and Safety | | | Economic Affairs | | |
|-------------------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|------------------|--------------------|--------------------|
| | Budget 2014 | Actual 2014 | Actual 2013 | Budget 2014 | Actual 2014 | Actual 2013 | Budget 2014 | Actual 2014 | Actual 2013 |
| Operating Revenue | | | | | | | | | |
| Rates | 5,172,980 | 5,410,360 | 5,320,529 | - | - | - | - | - | - |
| User fees and charges | 25,500 | 32,119 | 34,224 | 18,500 | 23,739 | 30,627 | 104,000 | 101,351 | 25,128 |
| Interest | 788,000 | 835,202 | 1,038,451 | - | - | - | - | - | - |
| Other operating revenues | 5,648 | 7,364 | 10,368 | - | - | 145 | - | 2,533 | 17,081 |
| Grants - NT recurrent | 1,350 | 1,350 | 1,000 | - | - | - | - | - | - |
| Grants - NT capital | - | - | - | - | - | - | - | - | 171,877 |
| Grants - C'th recurrent | 440,575 | 220,445 | 431,903 | - | - | - | 2,513,499 | 1,324,640 | 2,246,987 |
| Grants - C'th capital | - | 162,243 | - | - | - | - | 1,143,360 | 1,143,360 | 919,426 |
| Contributions and donations | - | - | - | - | - | - | 463,875 | 1,476,496 | 2,902,819 |
| Gain on disposal of assets | - | 324 | - | - | - | - | - | - | 27,313 |
| Total revenues | 6,434,053 | 6,669,407 | 6,836,475 | 18,500 | 23,739 | 30,772 | 4,224,734 | 4,048,380 | 6,310,631 |
| Operating Expenditure | | | | | | | | | |
| Employee Costs | 1,452,492 | 1,610,836 | 1,366,452 | 265,541 | 255,243 | 254,384 | 1,309,413 | 1,347,413 | 1,029,031 |
| Materials and contracts | 467,720 | 707,368 | 181,829 | 5,000 | 7,314 | 7,996 | 2,003,930 | 1,759,175 | 2,217,777 |
| Interest charges | - | - | - | - | - | - | - | - | - |
| Depreciation and amortisation | - | 1,078,767 | 1,084,733 | - | 17,409 | 9,301 | - | 3,363,689 | 3,462,850 |
| Other operating expenses | 1,079,884 | 1,169,718 | 1,245,035 | 108,900 | 108,183 | 89,062 | 457,820 | 442,620 | 351,167 |
| Land under Roads derecognised | - | - | - | - | - | - | - | - | 2,462,735 |
| Loss on disposal of assets | - | 14,040 | 114,507 | - | - | 398 | - | - | 44,504 |
| Total expenditure | 3,000,096 | 4,580,729 | 3,992,556 | 379,441 | 388,149 | 361,141 | 3,771,163 | 6,912,897 | 9,568,064 |
| Net Surplus/(Deficit) | 3,433,957 | 2,088,678 | 2,843,919 | (360,941) | (364,410) | (330,369) | 453,571 | (2,864,517) | (3,257,433) |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 2: Functions (continued)

| | Environmental Protection | | Housing and Community | | Recreation, Culture and Religion | |
|-------------------------------|--------------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|
| | Budget 2014 \$ | Actual 2014 \$ | Budget 2014 \$ | Actual 2013 \$ | Budget 2014 \$ | Actual 2013 \$ |
| Operating Revenue | | | | | | |
| Rates | 2,556,920 | 2,558,642 | - | 2,134,204 | - | - |
| User fees and charges | 185,000 | 202,841 | - | 147,076 | - | - |
| Interest | 63,000 | 69,619 | - | 76,937 | - | - |
| Other operating revenues | - | 27,089 | - | 52,781 | - | - |
| Grants - NT recurrent | - | - | - | - | - | - |
| Grants - NT capital | 130,000 | 130,000 | - | - | 56,340 | 124,695 |
| Grants - C'th recurrent | - | - | - | - | - | - |
| Grants - C'th capital | - | - | - | - | - | - |
| Contributions and donations | - | - | - | - | - | - |
| Gain on disposal of assets | - | - | - | - | - | - |
| Total revenues | 2,934,920 | 2,988,191 | - | 2,410,998 | 56,340 | 124,695 |
| Operating Expenditure | | | | | | |
| Employee Costs | 904,178 | 937,009 | - | 862,345 | - | - |
| Materials and contracts | 709,150 | 625,280 | - | 727,902 | 994,450 | 766,283 |
| Interest charges | - | - | - | - | - | - |
| Depreciation and amortisation | - | 67,647 | - | 52,320 | - | - |
| Other operating expenses | 1,010,950 | 813,932 | 20,000 | 797,277 | - | - |
| Land under Roads derecognised | - | - | - | - | - | - |
| Loss on disposal of assets | - | 968 | - | - | - | 2,462,735 |
| Total expenditure | 2,624,278 | 2,444,836 | 20,000 | 2,439,844 | 994,450 | 3,229,018 |
| Net Surplus/(Deficit) | 310,642 | 543,355 | (20,000) | (28,846) | (938,110) | (3,104,323) |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 2: Functions (continued)

| (b) | Education | | Cemetery | | Actual 2013 | | Budget 2014 | | Total | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Budget 2014 | Actual 2014 | Budget 2014 | Actual 2014 | Actual 2013 | Budget 2014 | Budget 2014 | Actual 2014 | Actual 2013 | Actual 2013 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Operating Revenue | | | | | | | | | | |
| Rates | - | - | - | - | - | 7,729,900 | - | 7,729,900 | - | 7,454,733 |
| User fees and charges | - | - | 947,100 | 783,798 | 760,220 | 1,280,100 | - | 1,143,848 | 997,275 | 997,275 |
| Interest | - | - | - | 12,966 | 6,940 | 851,000 | - | 917,787 | 1,122,328 | 1,122,328 |
| Other operating revenues | - | - | 4,100 | 4,066 | 18,091 | 9,748 | - | 41,052 | 98,466 | 98,466 |
| Grants - NT recurrent | - | - | - | - | - | 1,350 | - | 1,350 | 1,000 | 1,000 |
| Grants - NT capital | - | - | 80,000 | 80,000 | 85,000 | 266,340 | - | 266,340 | 381,572 | 381,572 |
| Grants - C'th recurrent | - | - | - | - | - | 2,954,074 | - | 1,545,085 | 2,678,890 | 2,678,890 |
| Grants - C'th capital | - | - | - | - | - | 1,143,360 | - | 1,305,603 | 919,426 | 919,426 |
| Contributions and donations | - | - | - | - | - | 463,875 | - | 1,476,496 | 2,902,819 | 2,902,819 |
| Gain on disposal of assets | - | - | - | - | 2,545 | - | - | 324 | 29,858 | 29,858 |
| Total revenues | - | - | 1,031,200 | 880,831 | 872,796 | 14,699,747 | - | 14,666,887 | 16,586,367 | 16,586,367 |
| Operating Expenditure | | | | | | | | | | |
| Employee Costs | - | - | 422,663 | 442,765 | 381,075 | 4,354,287 | - | 4,593,266 | 3,893,287 | 3,893,287 |
| Materials and contracts | - | - | 387,276 | 329,386 | 271,698 | 4,567,526 | - | 4,392,981 | 4,173,485 | 4,173,485 |
| Interest charges | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortisation | - | - | - | - | - | - | - | 4,527,512 | 4,609,204 | 4,609,204 |
| Other operating expenses | 4,000 | 3,000 | 228,805 | 219,340 | 133,872 | 2,910,359 | - | 2,772,783 | 2,629,413 | 2,629,413 |
| Land under Roads derecognised | - | - | - | - | - | - | - | - | 2,462,735 | 2,462,735 |
| Loss on disposal of assets | - | - | - | - | - | - | - | 15,008 | 159,409 | 159,409 |
| Total expenditure | 4,000 | 3,000 | 1,038,744 | 991,491 | 786,645 | 11,832,172 | - | 16,301,580 | 17,927,534 | 17,927,534 |
| Net Surplus/(Deficit) | (4,000) | (3,000) | (7,544) | (110,660) | 86,151 | 2,867,575 | - | (1,634,693) | (1,341,167) | (1,341,167) |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| Note 3: Revenue and Other Income | | 2014 | 2013 |
|-----------------------------------------|--------------------------------------------------------------|------------------|-------------|
| | | \$ | \$ |
| (a) | Rates and Annual Charges | | |
| | <u>General Rates</u> | 5,228,284 | 5,359,115 |
| | Less: Write-offs | - | (169,038) |
| | | 5,228,284 | 5,190,077 |
| | <u>Other Rates</u> | | |
| | Waste Management Charge | 2,170,986 | 1,754,735 |
| | Humpty Doo Waste Transfer Station Levy | 387,656 | 379,776 |
| | Less: Write-offs | - | (307) |
| | | 2,558,642 | 2,134,204 |
| | <u>Other Charges</u> | | |
| | Legal and other costs recovered | 182,076 | 130,452 |
| | Total rates and annual charges | 7,969,002 | 7,454,733 |
| (b) | Interest | | |
| | Interest on overdue rates and charges | 265,919 | 341,251 |
| | Interest on investments | 651,868 | 781,077 |
| | Total interest revenue | 917,787 | 1,122,328 |
| (c) | Grants and Contributions for Operating Purposes | | |
| | <i>General purpose grants (untied)</i> | | |
| | FAG - General purpose component | 220,445 | 431,903 |
| | FAG - Road component | 1,324,640 | 2,246,987 |
| | | 1,545,085 | 2,678,890 |
| | <i>Northern Territory operating grants</i> | | |
| | Special purpose grants - ADC NT Regional Grant | 1,350 | 1,000 |
| | | 1,350 | 1,000 |
| | Total general purpose grants (untied) | 1,546,435 | 2,679,890 |
| | Total grants and contributions for operating purposes | 1,546,435 | 2,679,890 |
| (d) | Other Operating Revenues | | |
| | Cemetery income | 767,052 | 760,220 |
| | Rent | 20,812 | 18,091 |
| | User Fees and Charges | 360,050 | 237,054 |
| | Other | 36,986 | 80,376 |
| | Total other operating revenue | 1,184,900 | 1,095,741 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

| Note 3: Operating Revenues (continued) | | |
|-----------------------------------------------------------------------------------------------------------------|------------------|------------------|
| | 2014 | 2013 |
| | \$ | \$ |
| (e) Grants and Contributions for Capital Purposes | | |
| <i>Northern Territory Capital Grants</i> | | |
| Special purpose grants - Departments of Infrastructure, Transport, Regional Development and Local Government | 266,340 | 230,455 |
| Special purpose grants - NT Government | - | 124,695 |
| Special purpose grants - Department of Lands, Planning and the Environment | - | 26,422 |
| Total Northern Territory capital grants | 266,340 | 381,572 |
| <i>Commonwealth Capital Grants</i> | | |
| Specific Purpose- NDRRA Monsoon Event | 162,243 | - |
| Specific purpose - Roads to Recovery 2 (Auslink) | 1,143,360 | 919,426 |
| Total Commonwealth capital grants | 1,305,603 | 919,426 |
| Total capital grants | 1,571,943 | 1,300,998 |
| <i>Contributions</i> | | |
| Developer contributions: | | |
| Road works - capital | 1,476,496 | 2,902,819 |
| Total contributions | 1,476,496 | 2,902,819 |
| Total grants and contributions for capital purposes | 3,048,439 | 4,203,817 |

| Note 4: Operating Expenses | | |
|------------------------------------------------------|------------------|------------------|
| | 2014 | 2013 |
| | \$ | \$ |
| (a) Employee costs | | |
| Salaries and wages | 3,783,509 | 3,257,894 |
| Employee leave benefits | 276,623 | 240,186 |
| Superannuation | 359,727 | 305,210 |
| Workers compensation insurance | 47,687 | 24,802 |
| Fringe Benefit Tax | 14,797 | 10,697 |
| Other - training costs (excluding salaries) | 110,923 | 54,498 |
| Total employee costs | 4,593,266 | 3,893,287 |
| (b) Materials and Contracts | | |
| Audit Fees - Financial Statement (previous auditors) | 71,727 | 72,520 |
| Audit Fees - other | 31,700 | 200 |
| Other Professional Services | 173,754 | 175,204 |
| Cemetery Operations | 329,386 | 271,698 |
| Contractors & Consultancy Services | 3,715,080 | 3,643,228 |
| Raw Materials & Consumables | 71,336 | 10,635 |
| Total Materials and Contracts | 4,392,983 | 4,173,485 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 4: Operating Expenses (continued)

| | 2014 | 2013 |
|----------------------------------------------|------------------|------------------|
| | \$ | \$ |
| (c) Depreciation and Amortisation | | |
| Buildings | 926,596 | 924,982 |
| Infrastructure: Roads, bridges and footpaths | 3,179,502 | 3,355,368 |
| Office equipment and plant and equipment | 150,589 | 167,861 |
| Motor vehicles | 270,823 | 160,993 |
| Total Depreciation and Amortisation | <u>4,527,510</u> | <u>4,609,204</u> |
| (d) Other Operating Expenses | | |
| Cemetery Expenditure | 219,370 | 133,872 |
| Computer/IT costs | 183,451 | 278,161 |
| Bad and Doubtful Debts | 18,284 | - |
| Donations and Community Support | 78,990 | 13,000 |
| Elected members' fees and allowances | 67,793 | 69,936 |
| Election expenses (By-Election) | 16,561 | - |
| Electricity | 103,239 | 125,618 |
| Insurance | 205,859 | 154,737 |
| Legal and Debt Recovery Fees | 306,447 | 246,055 |
| Mayoral and deputy mayoral allowance | 122,139 | 112,478 |
| Shoal Bay City Of Darwin Landfill Fees | 640,415 | 639,622 |
| Vehicle and Plant expenditure | 260,860 | 188,704 |
| Other | 549,405 | 667,230 |
| Total other operating expenses | <u>2,772,813</u> | <u>2,629,413</u> |

Note 5: Gain or Loss on Disposal of Assets

| | 2014 | 2013 |
|----------------------------------------------------------|-----------------|------------------|
| | \$ | \$ |
| <i>Gain (or loss) on disposal of plant and equipment</i> | | |
| Gain on disposal of assets | 324 | 29,858 |
| Loss on disposal of assets | 15,008 | 159,410 |
| Total (loss)/gain on disposal of assets | <u>(14,684)</u> | <u>(129,552)</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6: Cash, Cash Equivalents and Investments

| | 2014 | 2013 |
|------------------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Cash and cash equivalents | | |
| Cash at bank | 1,482,236 | 1,627,205 |
| Short term deposits | 14,058,066 | 14,980,489 |
| Change advance and petty cash | 1,450 | 1,450 |
| Total cash and cash equivalents | <u>15,541,752</u> | <u>16,609,144</u> |
| Restricted Cash, Cash Equivalents and Investments Summary | | |
| <i>Purpose</i> | | |
| External restrictions | | |
| - Included in liabilities - Contract retentions | 47,444 | - |
| - Included in revenue - Unspent Government Grants | - | 110,002 |
| Total external restrictions | <u>47,444</u> | <u>110,002</u> |
| Internal restrictions | | |
| Included in liabilities: | | |
| - Employee leave benefits | 697,237 | 421,968 |
| Included in reserves: | | |
| - Cemetery reserves | 30,230 | 200,890 |
| - Infrastructure development levy reserve | 800,221 | 1,078,319 |
| Total internal restrictions | <u>1,527,688</u> | <u>1,701,177</u> |
| Total unrestricted | <u>13,966,620</u> | <u>14,797,965</u> |
| Total cash and cash equivalents available | <u>15,541,752</u> | <u>16,609,144</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 7: Receivables

| | 2014 \$ | 2013 \$ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Unrestricted receivables | | |
| <i>Purpose</i> | | |
| Rates and annual charges | 2,845,933 | 3,430,097 |
| Accrued revenues (interest) | 284,716 | 288,825 |
| Debtors | 120,895 | 189,118 |
| Total | <u>3,251,544</u> | <u>3,908,040</u> |
| Less: Provision for doubtful debts | (18,284) | - |
| Total unrestricted receivables | <u>3,233,260</u> | <u>3,908,040</u> |
| Restricted receivables | - | - |
| Total restricted receivables | <u>-</u> | <u>-</u> |
| Total receivables | <u>3,233,260</u> | <u>3,908,040</u> |
| Total receivables are aged as follows: | | |
| Current | 9,245 | 878,671 |
| 30 to 60 days | 107,231 | 19,029 |
| 60 to 90 days | 23,543 | - |
| More than 90 days | 3,111,525 | 3,010,340 |
| Total receivables | <u>3,251,544</u> | <u>3,908,040</u> |
| The average credit period on rates and other receivables 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 on the outstanding balance. The Council has recognised an allowance for doubtful debts for all properties that are not able to have a statutory charge applied because there is a limited means of being able to recover this income. | | |
| <i>Age of receivables that are past due but not impaired:</i> | | |
| 30 to 60 days | 107,231 | 19,029 |
| 60 to 90 days | 23,543 | - |
| More than 90 days | 3,093,241 | 3,010,340 |
| Total past due but not impaired | <u>3,224,015</u> | <u>3,029,369</u> |
| <i>Age of impaired receivables:</i> | | |
| 30 to 60 days | - | - |
| 60 to 90 days | - | - |
| More than 90 days | 18,284 | - |
| Total impaired receivables | <u>18,284</u> | <u>-</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8: Property, Plant and Equipment

| | Fair value Level Note 1(e) | 2013 \$ | | | Carrying amount movements during the year \$ | | | | | | | 2014 \$ | | | |
|------------------------------|----------------------------|---------------------|--------------------------|--------------------|-------------------------------------------------|------------------------|--------------------------------|--------------------------------|----------------------------------------|----------------------|--------------------|----------------------------|---------------------|--------------------------|--------------------|
| | | At cost/ Fair value | Accumulated depreciation | Carrying amount | Asset purchases | Asset disposals (cost) | Asset disposals (depreciation) | Asset reclassifications (cost) | Asset reclassifications (depreciation) | Depreciation expense | Revaluation (cost) | Revaluation (depreciation) | At cost/ Fair value | Accumulated depreciation | Carrying amount |
| Unrestricted | | | | | | | | | | | | | | | |
| Land | | | | | | | | | | | | | | | |
| - Council owned (freehold) | 2 | 3,591,000 | - | 3,591,000 | | | | | | | | | | | 3,591,000 |
| Buildings | 2 | 29,786,322 | 12,739,934 | 17,046,388 | 172,925 | | | | | | | | | | 16,292,717 |
| Infrastructure: | | | | | | | | | | | | | | | |
| - Sealed roads | 3 | 194,855,249 | 21,833,026 | 173,022,223 | 1,853,864 | | | | | | | | | | 173,363,046 |
| - Unsealed roads | 3 | 31,583,786 | - | 31,583,786 | | (797,500) | | | | | | | | | 30,786,286 |
| - Culverts | 3 | 27,572,810 | 9,110,643 | 18,462,167 | 67,100 | | | | | | | | | | 18,088,101 |
| - Kerbs and gutters | 3 | 1,123,083 | 475,323 | 647,760 | | | | | | | | | | | 626,422 |
| - Driveway vehicle crossings | 3 | 20,774,068 | 9,273,312 | 11,500,756 | 39,523 | | | | | | | | | | 11,119,917 |
| - Footpaths | 3 | 450,796 | 212,640 | 238,156 | | | | | | | | | | | 224,789 |
| - Road signs | 2 | 2,387,150 | 558,383 | 1,828,767 | 24,650 | | | | | | | | | | 1,696,590 |
| - Inverts | 3 | 26,320 | 10,770 | 15,550 | | | | | | | | | | | 14,672 |
| - Point Generic | 3 | 452,252 | 181,063 | 271,189 | | | | | | | | | | | 248,657 |
| - Driveways | 3 | 8,734,805 | 6,219,646 | 2,515,159 | 35,840 | | | | | | | | | | 1,978,348 |
| - Bicycle Paths | 3 | 638,870 | 219,966 | 418,904 | | | | | | | | | | | 401,564 |
| Office Equipment | 2 | 583,994 | 379,743 | 204,251 | | | | | | | | | | | 99,273 |
| Plant and Equipment | 2 | 285,925 | 74,171 | 211,754 | 14,714 | | | | | | | | | | 180,857 |
| Other Assets | | | | | | | | | | | | | | | |
| - Other Structures | | 21,229 | 21,229 | - | | | | | | | | | | | - |
| - Motor Vehicles | 2 | 1,394,298 | 207,598 | 1,186,700 | 358,056 | (88,678) | 25,943 | | | | | | | | 1,211,198 |
| Total unrestricted | | 324,261,957 | (61,517,447) | 262,744,510 | 2,566,672 | (886,178) | 25,943 | - | - | (4,527,510) | - | - | 325,942,451 | (66,019,014) | 259,923,437 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8: Property, Plant and Equipment

| | 2013 | | Carrying amount movements during the year | | | | | | | 2014 | | | | | |
|------------------------------------------|---------------------|--------------------------|-------------------------------------------|-----------------|------------------------|--------------------------------|--------------------------------|----------------------------------------|----------------------|--------------------|----------------------------|---------------------|--------------------------|-----------------|--|
| | At cost/ Fair value | Accumulated depreciation | Carrying amount | Asset purchases | Asset disposals (cost) | Asset disposals (depreciation) | Asset reclassifications (cost) | Asset reclassifications (depreciation) | Depreciation expense | Revaluation (cost) | Revaluation (depreciation) | At cost/ Fair value | Accumulated depreciation | Carrying amount | |
| | \$ | | | | | | | | | | | | | | |
| Restricted | | | | | | | | | | | | | | | |
| Land | | | | | | | | | | | | | | | |
| Buildings | | | | | | | | | | | | | | | |
| Infrastructure | | | | | | | | | | | | | | | |
| Office Equipment | | | | | | | | | | | | | | | |
| Plant and Equipment | | | | | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | | | | | |
| Total restricted | 324,261,957 | (61,517,447) | 262,744,510 | 2,566,672 | (886,178) | 25,943 | - | - | (4,527,510) | - | - | 325,942,451 | (66,019,014) | 259,923,437 | |
| Total unrestricted and restricted | | | | | | | | | | | | | | | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8: Property, Plant and Equipment

| | 2012 \$ | | | Carrying amount movements during the year \$ | | | | | | | 2013 \$ | | | |
|------------------------------|---------------------|--------------------------|--------------------|-------------------------------------------------|------------------------|--------------------------------|--------------------------------|----------------------------------------|----------------------|---------------------|----------------------------|---------------------|--------------------------|--------------------|
| | At cost/ Fair value | Accumulated depreciation | Carrying amount | Asset purchases | Asset disposals (cost) | Asset disposals (depreciation) | Asset reclassifications (cost) | Asset reclassifications (depreciation) | Depreciation expense | Revaluation (cost) | Revaluation (depreciation) | At cost/ Fair value | Accumulated depreciation | Carrying amount |
| Unrestricted | | | | | | | | | | | | | | |
| Land | 6,053,735 | - | 6,053,735 | | (2,462,735) | | | | | | | 3,591,000 | - | 3,591,000 |
| - Council owned (freehold) | 29,705,627 | (11,814,952) | 17,890,675 | 80,695 | | | | | | | | 29,786,322 | (12,739,934) | 17,046,388 |
| Buildings | | | | | | | | | | | | | | |
| Infrastructure: | | | | | | | | | | | | | | |
| - Sealed roads | 176,121,301 | (60,965,112) | 115,156,189 | 8,346,936 | (327,600) | 6,552 | | | | | | 194,855,249 | (21,833,026) | 173,022,223 |
| - Unsealed roads | 76,396,482 | (36,113,391) | 40,283,091 | 146,400 | | | | | 10,714,612 | 40,548,959 | | 31,583,786 | - | 31,583,786 |
| - Culverts | 27,421,951 | (8,671,785) | 18,750,166 | 150,859 | | | | | (44,959,096) | 36,113,391 | | 27,572,810 | (9,110,643) | 18,462,167 |
| - Kerbs and gutters | 1,123,083 | (453,984) | 669,099 | | | | | | | | | 1,123,083 | (475,323) | 647,760 |
| - Driveway vehicle crossings | 20,774,068 | (8,890,047) | 11,884,021 | | | | | | | | | 20,774,068 | (9,273,312) | 11,500,756 |
| - Footpaths | 450,796 | (199,273) | 251,523 | | | | | | | | | 450,796 | (212,640) | 238,156 |
| - Road signs | 2,387,150 | (401,556) | 1,985,594 | | | | | | | | | 2,387,150 | (558,383) | 1,828,767 |
| - Inverts | 26,320 | (9,893) | 16,427 | | (43,250) | 38,925 | | | | | | 26,320 | (10,770) | 15,550 |
| - Point Generic | 495,502 | (197,459) | 298,043 | | | | | | | | | 452,252 | (181,063) | 271,189 |
| Driveways | | | | | | | | | | | | | | |
| - Bicycle Paths | 638,870 | (202,625) | 436,245 | | | | | | (4,325) | | | 638,870 | (219,966) | 418,904 |
| Office Equipment | 687,212 | (320,218) | 366,994 | | | | | | | | | 583,994 | (379,743) | 204,251 |
| Plant and Equipment | 622,171 | (139,311) | 482,860 | 34,894 | (168,586) | 91,949 | (9,400) | 3,144 | | | | 285,925 | (74,171) | 211,754 |
| Other Assets | | | | | | | | | | | | | | |
| - Other Structures | 21,229 | (21,229) | - | 1,028,977 | (190,014) | 63,339 | 211,952 | (19,789) | | | | 21,229 | (21,229) | - |
| - Motor Vehicles | 343,383 | (90,155) | 253,228 | | | | | | | | | 1,394,298 | (207,598) | 1,186,700 |
| - Other | | | | | | | | | | | | | | |
| Total unrestricted | 343,268,880 | (128,490,990) | 214,777,890 | 9,788,761 | (3,286,005) | 262,503 | | | (4,609,204) | (25,514,004) | 71,320,244 | 324,261,957 | (61,517,447) | 262,744,510 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8: Property, Plant and Equipment

| | 2012 \$ | | | Carrying amount movements during the year \$ | | | | | | | 2013 \$ | | | |
|--------------------------------------|---------------------|--------------------------|--------------------|-------------------------------------------------|------------------------|--------------------------------|--------------------------------|----------------------------------------|----------------------|---------------------|----------------------------|---------------------|--------------------------|--------------------|
| | At cost/ Fair value | Accumulated depreciation | Carrying amount | Asset purchases | Asset disposals (cost) | Asset disposals (depreciation) | Asset reclassifications (cost) | Asset reclassifications (depreciation) | Depreciation expense | Revaluation (cost) | Revaluation (depreciation) | At cost/ Fair value | Accumulated depreciation | Carrying amount |
| Restricted | | | | | | | | | | | | | | |
| Land | | | | | | | | | | | | | | |
| Buildings | | | | | | | | | | | | | | |
| Infrastructure | | | | | | | | | | | | | | |
| Office Equipment | | | | | | | | | | | | | | |
| Plant and Equipment | | | | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | | | | |
| Total restricted | 343,268,880 | (128,490,990) | 214,777,890 | 9,788,761 | (3,286,005) | 262,503 | - | - | (4,609,204) | (25,514,004) | 71,320,244 | 324,261,957 | (61,517,447) | 262,744,510 |
| Total unrestricted/restricted | | | | | | | | | | | | | | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 9: Creditors and Provisions

| | 2014 | 2013 |
|-----------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| <i>Creditors</i> | | |
| Goods and services | 622,781 | 597,234 |
| Payments received in advance | 447,464 | 468,678 |
| Bonds and Security Deposits | 158,907 | 63,900 |
| Other payables | 165,724 | 2,006,407 |
| Total creditors | 1,394,876 | 3,136,219 |
| <i>Total creditors consist of:</i> | | |
| Current creditors | 1,394,876 | 3,136,219 |
| Total creditors | 1,394,876 | 3,136,219 |
| Settlement of trade creditors averages net 30 days. | | |
| <i>Provisions</i> | | |
| Annual leave - current | 403,651 | 317,166 |
| Annual leave - non current | 18,956 | 18,431 |
| Long service leave - current | 34,530 | 21,681 |
| Long service leave - non current | 238,708 | 61,944 |
| Other | 1,392 | 2,746 |
| Total provisions | 697,237 | 421,968 |
| <i>Total provisions consist of:</i> | | |
| Current provisions | 439,573 | 341,593 |
| Non current provisions | 257,664 | 80,375 |
| Total provisions | 697,237 | 421,968 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 10: Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and "at call" deposits with financial institutions. Term deposits with maturity period of 90 days or less are also included. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | 2014 | 2013 |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| (a) Reconciliation of Cash and Cash Equivalents | | |
| Cash on hand and at bank | 1,483,686 | 1,628,655 |
| Term deposits | 14,058,066 | 14,980,489 |
| Balance as per Statement of Cash Flows | <u>15,541,752</u> | <u>16,609,144</u> |
| (b) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities | | |
| Net operating surplus/(deficit) for the year | (1,634,693) | (1,341,167) |
| Non cash transactions: | | |
| Depreciation and amortisation | 4,527,510 | 4,609,204 |
| Net Loss/(Gain) on disposal of property, plant and equipment | 14,684 | 129,552 |
| Land Under Roads derecognised | - | 2,462,735 |
| Other non cash expenses | 3,502 | 30,078 |
| Contributed assets | (929,537) | (2,294,330) |
| Changes in net assets and liabilities: | | |
| (Increase)/decrease in assets: | | |
| Trade and other receivables | 674,780 | 622,322 |
| Increase/(decrease) in liabilities: | | |
| Trade and other creditors | (1,741,343) | 1,464,602 |
| Provisions | 275,269 | 263,621 |
| Net Cash Flows from/(used by) Operating Activities | <u>1,190,172</u> | <u>5,946,618</u> |
| (c) Non-cash financial and investing activities | | |
| Contributed assets from external parties | 929,537 | 2,294,330 |

The Council does not have any other non-cash financing and investing activities.

(d) Financing facilities

The Council does not have in place any financing facilities or arrangements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 11: Commitments for Expenditure

(a) Capital commitments

There were no capital commitments at 30 June 2014 or 2013.

(b) Finance lease commitments

There were no finance lease commitments at 30 June 2014 or 2013.

(c) Operating leases

There were no commitments under non-cancellable operating leases at 30 June 2014 or 2013.

(d) Other expenditure commitments

There were no other expenditure commitments at 30 June 2014 or 2013.

Note 12: Performance Indicators

| | Actual 2014 | | Actual 2013 | |
|------------------------------------------------------------|----------------|------------|----------------|------------|
| | Amounts \$ | Indicators | Amounts \$ | Indicators |
| 1. Current ratio | | | | |
| <u>Current assets- external restricted assets</u> | 18,727,568 | Ratio | 19,739,162 | Ratio |
| Current liabilities | 1,834,449 | 10.2:1 | 1,789,860 | 11:1 |
| 2. Debt service ratio | | | | |
| <u>Net debt service cost</u> | - | | - | |
| Operating revenue | 11,618,448 | 0% | 12,382,550 | 0% |
| 3. Rate coverage ratio | | | | |
| <u>Rate revenue</u> | 7,969,002 | | 7,454,733 | |
| Total revenue | 11,618,448 | 69% | 12,382,550 | 60% |
| 4. Rates and annual charges outstanding percentages | | | | |
| <u>Rates and annual charges outstanding</u> | 2,845,933 | | 3,430,097 | |
| Rates and annual charges collectible | 7,969,002 | 36% | 7,454,733 | 46% |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 13: Conditions Over Grants and Contributions

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 those conditions, are as follows:

| | 2014 | 2013 |
|-------------------------------------------------------------------------------------------------------------------|---------------|----------------|
| | \$ | \$ |
| Unexpended at the close of the previous reporting period | 110,002 | - |
| Less: | | |
| Expended during the current reporting period from revenues recognised in previous reporting periods | (110,002) | - |
| Plus: | | |
| Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions | <u>24,911</u> | <u>110,002</u> |
| Unexpended at the close of the current reporting period. | <u>24,911</u> | <u>110,002</u> |
| Net increase (decrease) in the current reporting period | <u>24,911</u> | <u>110,002</u> |

Note 14: Financial Instruments

(a) Financial Risk Management Policies

The Council's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and borrowings.

The Council does not have any derivative instruments as at 30 June 2014.

The main risks the Council is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk.

Risk Management Objectives

The Council has given the Corporate Service Manager the power to invest funds of the Council. The Council's objective is to minimise financial risk by investing only in short term deposits with local banks. Before any investments are made, banks are contacted by the Corporate Service Manager to obtain available rates, the Corporate Service Manager will present the information to the Chief Executive Officer, the Governance Manager and the Committee to approve the investment to be made. Monthly reports on investments are prepared and presented at Council meetings.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 14: Financial Instruments (continued)

(b) Interest rate risk

The Council's exposure to interest rate risk consists of:

| | Average | Variable | Fixed Interest Rate | | Non Interest Bearing | Total |
|------------------------------------|---------------|------------------|---------------------|-----------|----------------------|-------------------|
| | Interest Rate | Interest Rate | Maturity | | | |
| | % | Current | < 1 year | 1-5 years | | |
| | | \$ | \$ | \$ | \$ | \$ |
| 2014 | | | | | | |
| Financial Assets | | | | | | |
| Cash at bank | 2.46% | 1,482,236 | - | - | - | 1,482,236 |
| Interest bearing term deposits | 3.85% | | 14,058,066 | - | - | 14,058,066 |
| Cash on hand | n/a | | - | - | 1,450 | 1,450 |
| Receivables - rates | 17.00% | | 2,845,933 | - | - | 2,845,933 |
| Receivables - interest | n/a | | | | 284,716 | 284,716 |
| Receivables - other | n/a | | - | - | 120,895 | 120,895 |
| Total Financial Assets | | 1,482,236 | 16,903,999 | - | 407,061 | 18,793,296 |
| Financial Liabilities | | | | | | |
| Payables | n/a | - | - | - | 1,394,876 | 1,394,876 |
| Total Financial Liabilities | | - | - | - | 1,394,876 | 1,394,876 |

| | Average | Variable | Fixed Interest Rate | | Non Interest Bearing | Total |
|------------------------------------|---------------|------------------|---------------------|-----------|----------------------|-------------------|
| | Interest Rate | Interest Rate | Maturity | | | |
| | % | Current | < 1 year | 1-5 years | | |
| | | \$ | \$ | \$ | \$ | \$ |
| 2013 | | | | | | |
| Financial Assets | | | | | | |
| Cash at bank | 2.34% | 1,627,205 | - | - | - | 1,627,205 |
| Interest bearing term deposits | 4.43% | | 14,980,489 | - | - | 14,980,489 |
| Cash on hand | n/a | | - | - | 1,450 | 1,450 |
| Receivables - rates | 17.00% | | 3,430,097 | - | - | 3,430,097 |
| Receivables - interest | n/a | | | | 288,825 | 288,825 |
| Receivables - other | n/a | | - | - | 189,118 | 189,118 |
| Total Financial Assets | | 1,627,205 | 18,410,586 | - | 479,393 | 20,517,184 |
| Financial Liabilities | | | | | | |
| Payables | n/a | - | - | - | 3,136,219 | 3,136,219 |
| Total Financial Liabilities | | - | - | - | 3,136,219 | 3,136,219 |

The Council controls interest risk by only investing in short term deposits with national banks.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 14: Financial Instruments (continued)

(c) Credit Risk

Credit risk represents the loss that would be recognised if counter parties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provisions for doubtful debts.

The Council does not have any significant credit risk exposure to any counter party or group of counter parties, and the Council does not have any interest bearing loans.

(d) Net Fair Value

The carrying amount of financial assets and liabilities recorded in the financial statements represent their respective net fair value.

(e) Market Risk

The Council's activities expose it primarily to risk of recoverability of outstanding rates. The risk is controlled by Council as it has legal authority to recover outstanding rates through the sale of rate payers land.

(f) Liquidity Risk

The Council manages liquidity risk by maintaining adequate reserves, and continuously monitoring forecasts and actual cash flows.

Note 15: Employee Benefits

The aggregate employee benefit liability recognised and included in the financial statements is:

| | Note | 2014 | 2013 |
|----------------------------------|-------------|-------------|-------------|
| | | \$ | \$ |
| Provision for employee benefits: | | | |
| Current | 9 | 439,573 | 341,593 |
| Non current | 9 | 257,664 | 80,375 |
| Accrued wages and salaries | | 48,695 | 28,142 |
| Superannuation liability | | 7,621 | 2,041 |

Note 16: Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly the South Australian Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the Council with Salarylink benefits prior to 24 November 2009 have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2013/14; 9% in 2012/13). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2012/13) of "superannuation" salary.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 16: Superannuation (continued)

In addition, Council makes a separate contribution of 2% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

| | 2014 | 2013 |
|----------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | \$ | \$ |
| The amount of Superannuation Contributions paid by Council to the Scheme in this period for the benefit of employees was:- | 359,727 | 305,210 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 17. Special Schedules

| | 2014 | 2013 | | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-----------------------------------------|--------------------|-----------------|-----------------------|-----------------------|------------------------------------------|-----------------------------|--------------------------------------|-------------------------------------|------------------|--------------|
| | \$ | \$ | | | | | | | | | | | |
| 1. Movement in reserves | | | | | | | | | | | | | |
| <i>Asset revaluation reserve</i> | | | | | | | | | | | | | |
| Balance at beginning of reporting year | 218,758,020 | 174,070,706 | | | | | | | | | | | |
| Transfer to reserve | - | 56,799,191 | | | | | | | | | | | |
| Transfer from reserve | 1,190,994 | (12,111,877) | | | | | | | | | | | |
| Balance at end of the reporting year | <u>217,567,026</u> | <u>218,758,020</u> | | | | | | | | | | | |
| <p>The asset revaluation reserve arises on the revaluation of property, plant and equipment. Where a revalued item of property 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.</p> | | | | | | | | | | | | | |
| <i>Other reserves</i> | | | <i>Infrastructure Development Levy*</i> | <i>Contingency</i> | <i>Election</i> | <i>Road Resealing</i> | <i>Infrastructure</i> | <i>Humpty Doo Waste Transfer Station</i> | <i>Property Realignment</i> | <i>Plant and Vehicle Replacement</i> | <i>MWF Amenities Machinery Shed</i> | <i>Cemetery*</i> | <i>Total</i> |
| Balance as at 1 July 2012 | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Correction of Errors | | | | | | | | | | | | | |
| Restated Balance | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | |
| Balance at beginning of reporting year | | | - | 519,602 | 35,545 | 4,771,300 | - | - | - | - | - | 174,739 | 5,501,186 |
| Transfer to reserve | 1,174,638 | 2,480,398 | 1,174,638 | | 45,455 | | 4,771,300 | 1,492,906 | 600,000 | 581,682 | | 26,151 | 11,172,530 |
| Transfer from reserve | (96,319) | - | (96,319) | | - | (4,771,300) | | | | | | | (4,867,619) |
| Balance at end of the reporting year | 1,078,319 | 3,000,000 | 1,078,319 | 3,000,000 | 81,000 | - | 4,771,300 | 1,492,906 | 600,000 | 581,682 | - | 200,890 | 11,806,097 |
| 2014 | | | | | | | | | | | | | |
| Balance at beginning of reporting year | 1,078,319 | 3,000,000 | 1,078,319 | 3,000,000 | 81,000 | - | 4,771,300 | 1,492,906 | 600,000 | 581,682 | - | 200,890 | 11,806,097 |
| Transfer to reserve | 410,184 | - | 410,184 | | - | | | 387,656 | - | - | 832,000 | - | 1,629,840 |
| Transfer from reserve | (688,282) | (157,573) | (688,282) | (157,573) | (14,000) | - | (104,900) | (848,198) | (18,370) | - | - | (170,660) | (2,001,983) |
| Balance at end of the reporting year | 800,221 | 2,842,427 | 800,221 | 2,842,427 | 67,000 | - | 4,666,400 | 1,032,364 | 581,630 | 581,682 | 832,000 | 30,230 | 11,433,954 |

* Externally restricted reserves

Note 17: Special Schedules (continued)

1. Movement in reserves (continued)

Infrastructure Development Levy reserve

These contributions are paid by developers pursuant to the conditions of a development permit for a specific purpose in a designated locality.

Contingency reserve

The contingency reserve is used in unforeseen circumstances.

Election reserve

The election reserve represents funds set aside to be used in the Council elections.

Infrastructure reserve (previously Road resealing reserve)

The infrastructure reserve represents funds set aside for planning and infrastructure maintenance.

Humpty Doo waste transfer station

The Humpty Doo waste transfer station reserve represents funds set aside for stage 2 - recycle shed and ablution block.

Property realignment reserve

The property realignment reserve represents funds set aside for the costs associated with formalising road reserves for public roads that exist on private land.

Plant and vehicle replacement reserve

The plant and motor vehicle replacement reserve represents funds set aside for plant and motor vehicle replacement.

MWF Amenities Machinery Shed

The MWF Amenities Machinery Shed reserve represent funds set aside for an amenities and machinery shed for the mobile workforce.

Cemetery reserve

The cemetery reserve represents funds taken over by Litchfield Council from Thorak Regional Cemetery.

2. Money held in Trust

The Council operates a trust fund for the payment of security deposits and special purpose receipts other than Government monies.

| | 2014 | 2013 |
|----------------------------------------|----------------|---------------|
| Security deposits | \$ | \$ |
| Balance at beginning of reporting year | 63,900 | - |
| Deposits received | 161,220 | 75,763 |
| Deposits repaid | (66,213) | (11,863) |
| Balance at end of the reporting year | <u>158,907</u> | <u>63,900</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 17: Special Schedules (continued)

| 3. Comparison of Original Estimates with Actuals | Budget 2014 | Actual 2014* | Difference |
|--------------------------------------------------|-------------|------------------|------------|
| | \$ | \$ | \$ |
| <i>Expenditure</i> | | | |
| General Public Services | 3,000,096 | 3,501,962 | 501,866 |
| Public Order and Safety | 379,441 | 370,740 | (8,701) |
| Economic Affairs | 3,771,163 | 3,549,208 | (221,955) |
| Environmental Protection | 2,624,278 | 2,377,189 | (247,089) |
| Housing and Community Amenities | 20,000 | 15,990 | (4,010) |
| Recreation, Culture and Religion | 994,450 | 964,458 | (29,992) |
| Education | 4,000 | 3,000 | (1,000) |
| Cemetery | 1,038,744 | 991,491 | (47,253) |
| <i>Income</i> | | | |
| General Public Services | 6,434,053 | 6,669,407 | 235,354 |
| Public Order and Safety | 18,500 | 23,739 | 5,239 |
| Economic Affairs | 4,224,734 | 4,048,380 | (176,354) |
| Environmental Protection | 2,934,920 | 2,988,191 | 53,271 |
| Housing and Community Amenities | - | - | - |
| Recreation, Culture and Religion | 56,340 | 56,340 | - |
| Education | - | - | - |
| Cemetery | 1,031,200 | 880,831 | (150,369) |

* excluding depreciation and amortisation

Note 18: Prior Period Adjustments

(a) In December 2013, Council engaged staff to physically inspect roads within the Municipality for the purpose of verifying data in its Asset Management database. It was identified that a number of undeveloped road reserves and part of a road belonging to the adjoining City of Palmerston had been included in the roads assets in error. The identified areas had been included in the 2011 revaluation. The necessary adjustments have been made by adjusting the opening balances at 1 July 2012.

As a result, a total expense of \$1,208,132 was written back effective 1 July 2012 as follows:-

| | |
|--------------------------|--------------------|
| i) Sealed roads asset | (32,890) |
| ii) Unsealed roads asset | (1,175,900) |
| iii) Depreciation | 658 |
| | <u>(1,208,132)</u> |

| The effect of the above: | Original Balance \$ | Amount of Adjustment \$ | Adjusted Balance \$ |
|----------------------------------------|---------------------------|-------------------------------|---------------------------|
| <i>Statement of Financial Position</i> | | | |
| - Property Plant and Equipment | 215,986,022 | (1,208,132) | 214,777,890 |
| - Total Non-Current Assets | 219,549,560 | (1,208,132) | 218,341,428 |
| - Total Assets | 239,398,724 | (1,208,132) | 238,190,592 |
| - Asset Revaluation Reserve | 175,278,838 | (1,208,132) | 174,070,706 |
| - Total Equity | 235,969,101 | (1,208,132) | 234,760,969 |
| <i>Statement of Changes in Equity</i> | | | |
| - Asset Revaluation Reserve | 113,207,809 | (1,208,132) | 111,999,677 |
| - Balance as at 30 June 2012 | 175,278,838 | (1,208,132) | 174,070,706 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 18: Prior Period Adjustments (continued)

| | Original Balance | Amount of Adjustment | Adjusted Balance |
|---------------------------------------------------------------------------|------------------|----------------------|------------------|
| Note 8 - Property Plant and Equipment | | | |
| - Roads Sealed less Accumulted Depreciation | 115,188,421 | (32,232) | 115,156,189 |
| - Roads Unsealed less Accumulted Depreciation | 41,458,991 | (1,175,900) | 40,283,091 |
| - Movement in total carrying amount at beginning of the 2012 year - Total | 215,986,022 | (1,208,132) | 214,777,890 |

- (b) The cemetery offers customers the ability to pay for their funeral in advance. It has been identified that the monies received for this purpose was recognised as income at the time of payment instead of being recorded as a prepayment. This has now been corrected and the necessary adjustment has been made to the opening balance at 1 July 2012 and in the 2012/13 year.

| | 1/07/2012 | 2013 | Total |
|----------------|-----------------|------------------|------------------|
| i) Internments | (94,650) | (185,024) | (279,674) |
| ii) Cremations | (3,664) | - | (3,664) |
| | <u>(98,314)</u> | <u>(185,024)</u> | <u>(283,338)</u> |

| | Original Balance | Amount of Adjustment | Adjusted Balance |
|------------------------------------------|------------------|----------------------|------------------|
| The effect of the above: | | | |
| 1/07/2012 | \$ | \$ | \$ |
| Statement of Comprehensive Income | | | |
| - Other operating revenue | 1,102,954 | (98,314) | 1,004,640 |
| - Total Income | 12,007,245 | (98,314) | 11,908,931 |
| - Net Results Total Comprehensive Income | 47,905,719 | (98,314) | 47,807,405 |
| Statement of Financial Position | | | |
| - Trade and other Payables | 3,271,276 | 98,314 | 3,369,590 |
| - Total Current Liabilities | 3,389,519 | 98,314 | 3,487,833 |
| - Net Assets | 234,760,969 | (98,314) | 234,662,655 |
| - Other Reserves | 5,599,500 | (98,314) | 5,501,186 |
| - Total Equity | 234,760,969 | (98,314) | 234,662,655 |
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | 14,165,310 | (98,314) | 14,066,996 |
| - Other reserves | 5,599,500 | (98,314) | 5,501,186 |
| - Total Equity | 234,760,969 | (98,314) | 234,662,655 |
| 2013 | | | |
| Statement of Comprehensive Income | | | |
| - Other operating revenue | 1,280,765 | (185,024) | 1,095,741 |
| - Total Income | 12,506,521 | (185,024) | 12,321,497 |
| - Net Results Total Comprehensive Income | 43,470,119 | (185,024) | 43,285,095 |
| Statement of Financial Position | | | |
| - Trade and other Payables | 4,611,907 | 283,338 | 4,895,245 |
| - Net Assets | 279,439,220 | (283,338) | 279,155,882 |
| - Other reserves | 12,089,445 | (283,338) | 11,806,107 |
| - Total Equity | 279,439,220 | (283,338) | 279,155,882 |
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | (1,217,196) | (185,024) | (1,402,220) |
| - Other reserves | 12,089,445 | (283,338) | 11,806,107 |
| - Total Equity | 278,231,087 | (283,338) | 277,947,749 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 18: Prior Period Adjustments (continued)

(c) Under AASB 1004 - Contributions BC19, rate income is classed as a involuntary non reciprocal transfer. Paragraph 30 states that control over assets acquired from rates would be obtained at the commencement of the rating period or, where earlier, upon receipt. Previously rate income collected for the following year have been deferred and recorded as a liability to the Council. This is not in line with AASB 1004 - Contributions and has been corrected this financial year and an adjustment made to previous periods commencing 1 July 2012.

| | 1/07/2012 | 2013 | Total |
|------------------------------------------|-------------------------|-----------------------------|-------------------------|
| | 310,917 | 350,037 | 660,954 |
| The effect of the above: | Original Balance | Amount of Adjustment | Adjusted Balance |
| 1/07/2012 | \$ | \$ | \$ |
| Statement of Comprehensive Income | | | |
| - Rates and Annual Charges | 6,912,580 | 310,917 | 7,223,497 |
| - Total Income | 11,908,931 | 310,917 | 12,219,848 |
| - Net Results Total Comprehensive Income | 47,807,405 | 310,917 | 48,118,322 |
| Statement of Financial Position | | | |
| - Trade and other Payables | 3,369,590 | (310,917) | 3,058,673 |
| - Total Current Liabilities | 3,487,833 | (310,917) | 3,176,916 |
| - Net Assets | 234,662,655 | 310,917 | 234,973,572 |
| - Retained Surpluses | 55,090,763 | 310,917 | 55,401,680 |
| - Total Equity | 234,662,655 | 310,917 | 234,973,572 |
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | 14,066,996 | 310,917 | 14,377,913 |
| - Retained Surpluses | 5,501,186 | 310,917 | 5,812,103 |
| - Total Equity | 234,662,655 | 310,917 | 234,973,572 |
| 2013 | | | |
| Statement of Comprehensive Income | | | |
| - Rates and Annual Charges | 7,415,613 | 39,120 | 7,454,733 |
| - Total Income | 12,321,497 | 39,120 | 12,360,617 |
| - Net Results Total Comprehensive Income | 43,285,095 | 39,120 | 43,324,215 |
| Statement of Financial Position | | | |
| - Trade and other Payables | 4,895,245 | (350,037) | 4,545,208 |
| - Net Assets | 278,647,823 | (350,037) | 278,297,786 |
| - Retained Surplus | 47,383,633 | 350,037 | 47,733,659 |
| - Total Equity | 278,647,823 | (350,037) | 278,297,786 |
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | (1,052,183) | (310,917) | (1,363,100) |
| - Retained Surpluses | 48,044,576 | (310,917) | 47,733,659 |
| - Total Equity | 278,647,823 | (350,037) | 278,297,786 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 18: Prior Period Adjustments (continued)

(d) Under AASB 1004 - Contributions, grant income is required to be recognised upon receipt. Previously grant income received in relation to the following year had been deferred and recorded as a liability to the Council. This is not in line with AASB 1004 - Contributions and has been corrected this financial year and an adjustment made to previous periods commencing 1 July 2012. In 2013/14, the Government changed their grant distribution process and no longer distribute grant funds in advance, therefore all grant income relating to a particular period will be received during this period. Due to this change in Government process, all Local Government entities have recorded lower than average grant funding for the 2013/14 year.

| | 1/07/2012 | 2013 | Total |
|----------------------------------------------------------|-------------------------|-----------------------------|-------------------------|
| | 707,237 | 21,933 | 729,170 |
| The effect of the above: | Original Balance | Amount of Adjustment | Adjusted Balance |
| 1/07/2012 | \$ | \$ | \$ |
| Statement of Comprehensive Income | | | |
| - Grants & Contributions provided for operating purposes | 2,682,650 | 1,387,056 | 4,069,706 |
| - Total Income | 12,219,848 | 1,387,056 | 13,606,904 |
| - Net Results Total Comprehensive Income | 48,118,322 | 1,387,056 | 49,505,378 |
| Statement of Financial Position | | | |
| - Trade and other Payables | 3,058,673 | (1,387,056) | 1,671,617 |
| - Total Current Liabilities | 3,176,916 | (1,387,056) | 1,789,860 |
| - Net Assets | 234,973,572 | 1,387,056 | 236,360,628 |
| - Retained Surpluses | 55,401,680 | 1,387,056 | 56,788,736 |
| - Total Equity | 234,973,572 | 1,387,056 | 236,360,628 |
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | 14,377,913 | 1,387,056 | 15,764,969 |
| - Retained Surpluses | 5,812,103 | 1,387,056 | 7,199,159 |
| - Total Equity | 234,973,572 | 1,387,056 | 236,360,628 |
| 2013 | | | |
| Statement of Comprehensive Income | | | |
| - Grants & Contributions provided for operating purposes | 2,657,957 | 21,933 | 2,679,890 |
| - Total Income | 12,360,617 | 21,933 | 12,382,550 |
| - Net Results Total Comprehensive Income | 43,324,215 | 21,933 | 43,346,148 |
| Statement of Financial Position | | | |
| - Trade and other Payables | 4,545,208 | (1,408,989) | 3,136,219 |
| - Net Assets | 278,297,786 | 1,408,989 | 279,706,775 |
| - Retained Surplus | 47,733,659 | 1,408,989 | 49,142,648 |
| - Total Equity | 278,297,786 | 1,408,989 | 279,706,775 |
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | (1,363,100) | 21,933 | (1,341,167) |
| - Retained Surpluses | 47,733,659 | 1,408,989 | 49,142,648 |
| - Total Equity | 278,297,786 | 1,408,989 | 279,706,775 |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 19: Subsequent Events

There are no events that have occurred after balance date that have been or should have been brought to account in the 2014 Financial Report.

Note 20: Additional Council Information

Postal address:

Litchfield Council
PO Box 446
Humpty Doo NT 0836

Principal administration office:

Litchfield Council
7 Bees Creek Road
Freds Pass NT 0822
Tel: (08) 8983 0600
Fax: (08) 8983 1165
Email: council@lc.nt.gov.au

**Thorak Regional Cemetery
Special Purpose Financial Report
for the year ended 30 June 2014**

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THORAK REGIONAL CEMETERY**

Scope

We have audited the accompanying financial report of the Thorak Regional Cemetery, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the certification of financial statements.

The responsibility of the Board for the Financial Report

The Board of the Thorak Regional Cemetery is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Northern Territory of Australia Cemeteries Act 2013 and Cemeteries Regulations 2013. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on the financial report 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 whether the financial report is free from material misstatement.



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

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

Auditor's Opinion

In our opinion,

- a) the financial report presents fairly, in all material respects, the financial position of the Thorak Regional Cemetery as of 30 June 2014, and its financial performance and cash flows for the year then ended; and
- b) is in accordance with the Northern Territory of Australia Cemeteries Act 2013, Cemeteries Regulations 2013 and the Australian Accounting Standards (including Australian Accounting Interpretations).


UHY HAINES NORTON

DAVID TOMASI

DATED THIS 6TH DAY OF OCTOBER 2014

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**BOARD OF TRUSTEES' STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

As detailed in Note 2 to the financial statements, Thorak Regional Cemetery is not a reporting entity because in the opinion of the Board of Trustees there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Board of Trustees' reporting requirements under the Cemeteries Act and Cemeteries Regulations.

The Board of Trustees declare that:

- (a) the attached financial statements and notes thereto are in accordance with Cemeteries Act and Cemeteries Regulations, including compliance with accounting policies in Note 2 and giving a true and fair view of the financial position and performance of Thorak Regional Cemetery; and
- (b) the financial statements are in accordance with the accounting and other records of Thorak Regional Cemetery.

On behalf of the Board of Trustees



Ilian Wilson
Date 3 October 2014

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

| | Note | 2014 | 2013 |
|-------------------------------------------|------|----------------|----------------|
| | | \$ | \$ |
| Income | | | |
| Internments | 7 | 440,619 | 506,647 |
| Cremations | | 140,883 | 108,459 |
| Exclusive rights fees | | 39,550 | 29,351 |
| Ground maintenance | | 80,545 | 65,178 |
| Chapel and Marquee hire | | 16,664 | 16,545 |
| Plaque/Headstone installation and permits | | 36,700 | 29,254 |
| Funeral director fees | | 3,117 | 2,667 |
| Sundry income | | 8,975 | 2,119 |
| Grant income | | 80,000 | 85,000 |
| Rent received | | 20,812 | 18,091 |
| Investment income | | 12,966 | 6,940 |
| Proceeds from sale of assets | | - | 2,545 |
| Total Income | | 880,831 | 872,796 |
| Expenditure | | | |
| Salaries | | 396,397 | 341,785 |
| Superannuation | | 35,476 | 32,395 |
| Staff Training & amenities | | 10,693 | 10,625 |
| Insurance | | 34,646 | 33,525 |
| Legal Fees | | 5,667 | 22,307 |
| Accounting Services | | 22,860 | 26,460 |
| Consultants | | 61,970 | 15,729 |
| Admin Exp | | 88,637 | 87,275 |
| Advertising | | 7,358 | 4,144 |
| Computer Support | | 384 | 1,096 |
| Motor Vehicle Expenses | | 37,816 | 30,089 |
| Utilities | | 57,661 | 45,696 |
| Telephone | | 5,606 | 5,883 |

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|------------------------------------------------------|------|-------------------------|-----------------------|
| Expenditure (continued) | | | |
| Security | | 3,850 | 5,378 |
| Grounds Maintenance & Landscaping | | 31,243 | 16,569 |
| R & M | | 48,681 | 57,939 |
| Equipment Hire | | 10,280 | 6,785 |
| Plant & Equipment | | 35,609 | 26,897 |
| Grave Digging | | 49,320 | 51,978 |
| Improvements | | 90,598 | 10,364 |
| Memorial Expenses | | 16,382 | 8,677 |
| Sundry Expense | | 359 | 5,051 |
| Cost with building the Chapel/Crematorium | | | |
| Capital works expenditure not capitalised | | | |
| Total Expenditure | | <u>1,051,491</u> | <u>846,645</u> |
| Net surplus/deficit | | <u>(170,660)</u> | <u>26,151</u> |
| Other Comprehensive Income | | | |
| Other comprehensive income for the year | | - | - |
| Total other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | <u>(170,660)</u> | <u>26,151</u> |

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ | 1 July 2012 \$ |
|----------------------------------|-------|----------------|----------------|-------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 5 | 157,248 | 333,508 | 109,852 |
| Receivables | 3 | 53,553 | 65,973 | 40,874 |
| Investments | | 311,638 | 189,235 | 144,411 |
| Total current assets | | 522,439 | 588,716 | 295,137 |
| Total Assets | | 522,439 | 588,716 | 295,137 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 4 & 7 | 492,209 | 387,826 | 120,398 |
| Total current liabilities | | 492,209 | 387,826 | 120,398 |
| Net Assets | | 30,230 | 200,890 | 174,739 |
| EQUITY | | | | |
| Retained surpluses | | (192,171) | (128,282) | (154,433) |
| Reserves | | 222,401 | 329,172 | 329,172 |
| Total Equity | | 30,230 | 200,890 | 174,739 |

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|--------------------------------------------------|------|-------------------------|------------------|
| Retained Surplus | | | |
| Balance as at 1 July 2012 | | | (56,119) |
| Correction of errors | 7 | | (98,314) |
| Restated Balance | | | <u>(154,433)</u> |
| Balance at beginning of reporting year | | (128,282) | (154,433) |
| Net surplus/(deficit) | | (170,660) | 26,151 |
| Transfers between reserves | | 106,771 | - |
| Balance at end of the reporting year | | <u>(192,171)</u> | <u>(128,282)</u> |
| Reserve | | | |
| Balance at beginning of reporting year | | 329,172 | 329,172 |
| Transfers between reserves | | (106,771) | - |
| Balance at end of the reporting year | | <u>222,401</u> | <u>329,172</u> |
| Total equity at end of the reporting year | | <u>30,230</u> | <u>200,890</u> |

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|-------------------------------------------------------------|-------------|-------------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 964,441 | 1,103,236 |
| Payments to suppliers and employees | | <u>(1,031,264)</u> | <u>(844,241)</u> |
| Net cash flows from operating activities | 5(b) | (66,823) | 258,995 |
| Cash flows from investing activities | | | |
| Proceeds from investments | | 189,235 | 144,411 |
| Investment income | | 12,966 | 6,940 |
| Payments for investments | | (311,638) | (189,235) |
| Proceeds from property, plant and equipment | | - | 2,545 |
| Net cash flows used in investing activities | | <u>(109,437)</u> | <u>(35,339)</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>(176,260)</u> | 223,656 |
| Cash and cash equivalents at the beginning of the year | | <u>333,508</u> | <u>109,852</u> |
| Cash and cash equivalents at the end of the year | 5(a) | <u>157,248</u> | <u>333,508</u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: General Information

Postal address:

Litchfield Council
PO Box 446
Humpty Doo NT 0836

Principal administration office:

Litchfield Council
7 Bees Creek
Freds Pass NT 0836
Tel: (08) 8983
Fax: (08) 8983 1165
Email: council@lc.nt.gov.au

Note 2: Summary of Accounting Policies

Basis of Accounting

Financial reporting framework

Thorak Regional Cemetery ("the Cemetery") is not a reporting entity because in the opinion of the Board of Trustees there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Board of Trustees' reporting requirements under the Cemeteries Act and Cemeteries Regulations.

Statement of compliance

The financial report has been prepared in accordance with the Cemeteries Act 2013, Cemeteries Regulations 2013 and the accounting policies stated below.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

Grant income and other contributions

Grants, and other contributions are recognised as revenues when the Cemetery obtains control over, or the right to receive, the assets, it is probable that future economic benefits comprising the asset will flow to the Cemetery, and the amount can be reliably measured.

Control over granted and contributed assets is normally obtained upon their receipt (or acquittal) or upon notification that a grant has been secured. Granted and contributed assets are valued at their fair value at the date of transfer.

Where grants and other contributions recognised as revenue during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were not discharged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in these notes.

Note 2: Summary of Accounting Policies (continued)

(a) Revenue Recognition (continued)

Burials, cremations and internments

Revenue from burials, cremation and internments is recognised when the services have been rendered to the public and can be measured reliably.

Interest Revenue

Interest is recognised as it accrues, when it is probably that the future economic benefits will flow to Cemetery and it can be measured reliably.

(b) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

The Cemetery did not have an overdraft during the year.

(c) Financial Assets

The Cemetery classifies its financial assets as loans and receivables and held to maturity investments. The classification depends on the purpose for which the financial instrument was acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment.

Held to Maturity Investments

Investments with fixed or determinable payments and fixed maturity dates where the Cemetery has a positive intent and ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Note 2: Summary of Accounting Policies (continued)

(c) Financial Assets (continued)

Impairment of Financial Assets

Financial assets are reviewed at each Statement of Financial Position date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the entity will be unable to collect all amounts due.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets, including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against an allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of Financial Assets

The Cemetery derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Cemetery neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Cemetery retains substantially all the risk and rewards of ownership of a transferred financial asset, it will continue to recognise the financial asset.

(d) Capital Expenditure

Expenditure on property, plant and equipment has not been capitalised as the title to the land is not held by the Board of Trustees thus control of the land and assets can be removed at any time as a result of changes to the Northern Territory Government's arrangements.

When an item of property, plant and equipment is disposed of, the sales proceeds are recognised in profit or loss.

(e) Financial Liabilities

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Cemetery prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of receipt.

It also represents payments received in advance for funeral packages and is recognised as income when the service has been delivered.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 2: Summary of Accounting Policies (continued)

(f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the Australian Taxation Authority is included as part of receivables or payables

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Authority, is classified as an operating cash flow.

(g) Income Tax

The Cemetery is tax exempt under Sec 50-1 of the Income Tax Assessment Act 1997, being a local governing body.

Note 3: Receivables

| | 2014 \$ | 2013 \$ |
|------------------------------|---------------|---------------|
| Trade receivables | 53,553 | 65,973 |
| Allowance for doubtful debts | - | - |
| | <u>53,553</u> | <u>65,973</u> |

Note 4: Trade and Other Payables

| | Note | 2014 \$ | 2013 \$ |
|--------------------------------------|------|----------------|----------------|
| Accruals | | 13,382 | 12,155 |
| Income received in advance | 7 | 447,464 | 363,338 |
| Provisions for employee entitlements | | 31,363 | 12,333 |
| | | <u>492,209</u> | <u>387,826</u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 5: Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and "at call" deposits with financial institutions. Term deposits with maturity period of 90 days or less are also included. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | 2014 | 2013 |
|-------------------------------------------------------------------------------------------|------------------------|----------------|
| | \$ | \$ |
| (a) Reconciliation of Cash and Cash Equivalents | | |
| Cash on hand and at bank | <u>157,248</u> | <u>333,508</u> |
| Balance per Statement of Cash Flows | <u>157,248</u> | <u>333,508</u> |
| (b) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities | | |
| Net surplus/(deficit) for the year | (170,660) | 26,151 |
| Non cash transactions: | | |
| Investment income | (12,966) | (6,940) |
| Proceeds from disposal of property, plant and equipment | - | (2,545) |
| Changes in net assets and liabilities: | | |
| (Increase)/decrease in assets: | | |
| Trade and other receivables | 12,420 | (25,099) |
| Increase/(decrease) in liabilities: | | |
| Trade and other payables | <u>104,383</u> | <u>267,428</u> |
| Net Cash Flows from/(used by) Operating Activities | <u>(66,823)</u> | <u>258,995</u> |
| (c) Financing facilities | | |
| The Cemetery does not have in place any financing facilities or arrangements. | | |

Note 6: Legal Title of Assets

The cash and cash equivalents and investments are owned by Thorak Regional Cemetery however as the Cemetery is not a legal entity these assets have been registered in the name of Litchfield Council which holds these assets in trust for the Cemetery.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 7: Prior Period Corrections

The cemetery offers customers the ability to pay for their funeral in advance. It has been identified that the monies received for this purpose was recognised as income at the time of payment instead of being recorded as a prepayment. This has now been corrected and the necessary adjustment has been made to the opening balance at 1 July 2012 and in the 2012/13 year.

As a result, a total reduction of income of \$98,313.64 was written back prior to 30 June 2012 and a reduction of income of \$185,024.30 was written back in the 2012/13 year as follows:-

| | 1/07/2012 | 2013 | Total |
|----------------|------------------|------------------|------------------|
| i) Internments | (94,650) | (185,024) | (279,674) |
| ii) Cremations | (3,664) | - | (3,664) |
| | <u>(98,314)</u> | <u>(185,024)</u> | <u>(283,338)</u> |

| The effect of the above: | Original Balance | Amount of Adjustment | Adjusted Balance |
|------------------------------------------|-----------------------------|---------------------------------|-----------------------------|
| 1/07/2012 | \$ | \$ | \$ |
| Statement of Comprehensive Income | | | |
| - Internments | 404,662 | (94,650) | 310,012 |
| - Cremations | 105,694 | (3,664) | 102,030 |
| - Total Income | 741,599 | (98,314) | 643,285 |
| - Net Results Total Comprehensive Income | (1,002,265) | (98,314) | (1,100,579) |

| | | | |
|----------------------------------------|----------|----------|-----------|
| Statement of Financial Position | | | |
| - Trade and other Payables | 22,084 | 98,314 | 120,398 |
| - Net Assets | 273,053 | (98,314) | 174,739 |
| - Retained Surpluses | (56,119) | (98,314) | (154,433) |
| - Total Equity | 273,053 | (98,314) | 174,739 |

| | | | |
|------------------------------------------|-------------|----------|-------------|
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | (1,002,265) | (98,314) | (1,100,579) |
| - Balance as at 30/6/12 | (56,119) | (98,314) | (154,433) |
| - Total Equity | 273,053 | (98,314) | 174,739 |

2013

| | | | |
|------------------------------------------|-----------|-----------|---------|
| Statement of Comprehensive Income | | | |
| - Internments | 691,671 | (185,024) | 506,647 |
| - Total Income | 1,057,820 | (185,024) | 872,796 |
| - Net Results Total Comprehensive Income | 211,175 | (185,024) | 26,151 |

| | | | |
|----------------------------------------|---------|-----------|-----------|
| Statement of Financial Position | | | |
| - Trade and other Payables | 104,488 | 283,338 | 387,826 |
| - Net Assets | 484,228 | (283,338) | 200,890 |
| - Retained Surpluses | 155,056 | (283,338) | (128,282) |
| - Total Equity | 484,228 | (283,338) | 200,890 |

| | | | |
|------------------------------------------|---------|-----------|----------|
| Statement of Changes in Equity | | | |
| - Net Results Total Comprehensive Income | 211,175 | (185,024) | 26,151 |
| - Balance as at 30/6/13 | 155,056 | (185,024) | (29,968) |
| - Total Equity | 484,228 | (283,338) | 200,890 |