Wagait Shire Council
ABN 65 843 778 569

General Purpose Financial Statements
30 June 2014

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Chartered Accountant

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To the members of
Wagait Shire Council

Report on the financial statements

We have audited the accompanying financial statements of Wagait Shire Council (the "Council"), which comprise the statement of financial position as at 30 June 2014, the statement of profit and loss and other comprehensive income, the statement of working capital, the statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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ABN 55 024 660 252

Barry Hansen
Chartered Accountant

Independent auditor's report *(continued)*

Independence

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Emphasis of matter

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

Report on other legal and regulatory requirements

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

B Hansen

Barry Hansen
Registered Company Auditor

Date: 26 November 2014

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Wagait Shire Council

ABN 65 843 778 569

Chief Executive's Certificate

I, Michael Campaign, the Chief Executive Officer of the Wagait Shire Council, do hereby certify that:

a) the annual financial statements have been properly drawn up in accordance with applicable Accounting Atandards, the Local Government Act, Local Government (Accounting) Regulations and Local Government Code, so as to present fairly the financial position of the Council as at 30 June 2014 and the results for the year then ended; and

b) the statement are in accordance with the accounting and other records of the Council.

Michael Campaign
Chief Executive Officer

Sign and date 24/11/14

Wagait Shire Council

Wagait Shire Council
ABN 65 843 778 569

Statement of profit and loss and other comprehensive income
for the year ended 30 June 2014

	Note	**2014** $	**2013** $
Operating Revenue			
Rates and annual charges	*6(a)*	212,807	170,063
User charges and fees	*6(b)*	150,839	170,321
Interest income	*6 (c)*	20,217	29,342
Grants and contributions	*6(d)*	269,763	105,857
Total operating revenue		**653,626**	**475,583**
Operating Expenses			
Employee costs	*7(a)*	313,153	296,716
Materials and contracts	*7(b)*	120,398	29,541
Depreciation expense	*7(c)*	157,464	152,046
Other operating expenses	*7(d)*	26,425	28,735
Total operating expenses		**617,440**	**507,038**
Surplus/(deficit) for the year		**36,186**	**(31,455)**
Other comprehensive income		-	-
Total comprehensive income for the year		**36,186**	**(31,545)**

The notes on pages 9 to 29 are an integral part of these financial statements.

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

Wagait Shire Council
ABN 65 843 778 569

Statement of financial position
at 30 June 2014

	Note	**2014** $	**2013** $
Assets			
Current assets			
Cash and cash equivalents	*8*	910,933	874,001
Trade and other receivables	*9*	34,847	21,979
Total current assets		**945,780**	**895,980**
Non-current asset			
Property, plant and equipment	*10*	1,631,540	1,723,723
Total non-current assets		**1,631,540**	**1,723,723**
Total assets		**2,577,320**	**2,619,703**
Liabilities			
Current liabilities			
Trade and other payables	*11*	16,445	10,075
Provision for employee benefits	*12*	13,979	10,539
Unexpended grants	*15*	-	88,379
Total current liabilities		**30,424**	**108,893**
Total liabilities		**30,424**	**108,893**
Net assets		**2,546,896**	**2,510,710**
Equity			
Accumulated surplus		2,013,673	1,977,487
Road reserve		180,000	180,000
Motor vehicle reserve		10,000	10,000
Asset revaluation reserve		343,223	343,223
		2,546,896	**2,510,710**

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

Wagait Shire Council
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Statement of working capital
for the year ended 30 June 2014

	Note	**2014**	**2013**
Assets			
Current assets			
Cash and cash equivalents	*8*	910,933	874,001
Trade and other receivables	*9*	34,847	21,979
Total current assets		**945,780**	**895,980**
Less:			
Current liabilities			
Trade and other payables	*11*	16,445	10,075
Provisions	*12*	13,979	10,539
Unexpended grants	*15*	-	88,379
		30,424	**108,893**
Reserves			
Road reserve		180,000	180,000
Motor vehicle reserve		10,000	10,000
Total current liabilities		**220,424**	**298,993**
Net current assets (working capital)		**725,356**	**596,987**

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Wagait Shire Council
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Statement of changes in equity
for the year ended 30 June 2014

	Accumulated Surplus $	Assets revaluation reserve $	Roads reserve $	Motor vehicle reserve $	Total $
Balance at 1 July 2012	2,008,942	343,223	180,000	10,000	2,542,165
Deficit for the year	(31,455)	-	-	-	(31,455)
Balance at 30 June 2013	1,977,487	343,223	180,000	10,000	2,510,710
Balance at 1 July 2013	1,977,487	343,223	180,000	10,000	2,510,710
Surplus for the year	36,186	-	-	-	36,186
Balance at 30 June 2014	**2,013,673**	**343,223**	**180,000**	**10,000**	**2,546,896**

The notes on pages 9 to 29 are an integral part of these financial statements.

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Wagait Shire Council
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Statement of cash flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		350,778	340,384
Operating grants receipts		184,824	169,110
Payments to suppliers		(453,606)	(406,055)
Interest received		20,217	29,342
Net cash from operating activities	*13(b)*	**102,213**	**132,781**
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,281)	(70,570)
Net cash used in investing activities		**(65,281)**	**(70,570)**
Net increase in cash and cash equivalents		**36,932**	**62,211**
Cash and cash equivalents at the beginning of the year		874,001	811,790
Cash and cash equivalents at the end of the year	*13(a)*	**910,933**	**874,001**

The notes on pages 9 to 29 are an integral part of these financial statements.

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

1 Reporting entity

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

2 Basis of preparation

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

Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

3. Significant accounting policies

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

Revenue

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

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

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

3. Significant accounting policies *(continued)*

Property, plant and equipment

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

Freehold Property

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

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

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

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

Plant and Equipment

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

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

Depreciation

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

3. Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

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

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

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

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

Financial instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

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

3. Significant accounting policies *(continued)*

Loans and receivables

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

3. Significant accounting policies *(continued)*

Impairment

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

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

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

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

Employee provisions

Short-term employee provisions

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

Other long-term employee provisions

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

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

3. Significant accounting policies *(continued)*

Cash on hand

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

Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to impairment policy for further discussion on the determination of impairment losses.

Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

Income tax

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

Provisions

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

Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the council during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

3. Significant accounting policies *(continued)*

New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council. The Council has decided not to early adopt any of the new and amended pronouncements. The Council's assessment of the new and amended pronouncements that are relevant to the Council but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and associated amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Council on initial application of AASB 9 and associated amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  This Standard is not expected to significantly impact the Council's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Council's financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This Standard is not expected to significantly impact the Council's financial statements.

3. Significant accounting policies *(continued)*

New Accounting Standards for application in future periods *(continued)*

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only but is not expected to significantly impact the council's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Council's financial statements.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to significantly impact the council's financial statements.

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Council's financial statements.

- AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Council's financial statements.

- AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Council's financial statements.

- ASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. This Standard is not expected to significantly impact the Council's financial statements.

4 Economic dependence

During the current year the Council received grants from government departments and the future operations of the Council is dependent upon continued funding from government departments.

5 Functions

Components of functions

The activities relating to the Council functions are as follows:

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

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

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

Environmental Protection: General environment services.

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

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

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

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

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

6 Operating revenue

a) Rates and charges

	2014 $	2013 $
Residential, business and rural flat rate	212,807	170,063
Total rates and annual charges	**212,807**	**170,063**

b) User charges and fee

	2014 $	2013 $
Jetty and Boat ramp maintenance	55,471	63,216
Power and water contract income	56,680	55,330
Workshop and maintenance charges	-	6,711
Workers compensation wages income	-	15,882
Community Centre income	7,391	10,300
Weed management income	15,591	13,500
Other fee and charges	15,706	5,382
Total user charges and fees	**150,839**	**170,321**

c) Interest

	2014 $	2013 $
Interest on deposits	20,217	29,342
Total interest on deposits	**20,217**	**29,342**

Notes *(continued)*

6 Operating revenue *(continued)*

d) Grants and contributions

	2014	2013
	$	$
General purpose (untied)		
General purpose component	4,397	1,350
Road component	59,122	34,314
	63,519	**35,664**
NT current grants		
General purpose component	129,048	70,193
Total operating grants	**129,048**	**70,193**
Capital grants		
Others	**77,196**	-
Total grants and contributions	**269,763**	**105,857**

7 Operating expenses

a) Employee costs

	2014	2013
	$	$
Salaries and wages	276,395	256,232
Superannuation	24,570	20,490
Workers compensation insurance	4,005	3,805
Recruitment and relocation	-	9,582
Travelling and accommodation	5,590	5,113
Training and development	2,593	1,494
Total operating expenses	**313,153**	**296,716**

Notes *(continued)*

7 Operating expenses *(continued)*

b) Materials and contracts

	2014 $	2013 $
Accounting services	-	1,124
Advertising	1,564	-
Bank fees	1,168	1,161
Equipment purchases	-	530
Consultants and council election fee	1,086	8,051
Contractors, maintenance and materials	45,728	25,730
Bad and doubtful debts expense	-	3,971
Electricity	13,079	11,604
Information technology expenses	4,532	1,589
Printing and stationery	2,997	2,298
Vehicles repairs and maintenance	1,141	6,960
Subscriptions	4,297	5,291
Telephone	7,960	7,567
Vehicle registration	2,816	431
Vehicle , plant and equipment expenses	26,026	4,039
Others	8,004	(50,805)
Total materials and contracts	**120,398**	**29,541**

c) Depreciation expense

	2014 $	2013 $
Plant and equipment	27,500	25,386
Office equipment and furniture	1,150	1,300
Motor vehicles	21,488	19,120
Buildings and improvements	74,300	73,215
Roads, bridges and footpaths	33,026	33,025
Total depreciation expense	**157,464**	**152,046**

d) Other operating expenses

	2014 $	2013 $
Auditor's remuneration- audit services	6,280	5,950
Assistance with preparation of financial statements	5,650	5,650
Insurance	14,495	17,135
Total other operating expenses	**26,425**	**28,735**

8 Cash and cash equivalents

	2014	2013
	$	$
Cash on hand	221	222
Cash at bank	910,712	873,779
Total cash and cash equivalents	**910,933**	**874,001**

Please also refer below on restricted cash summary and details

Restricted cash summary

	2014	2013
	$	$
External restrictions		
Included in liabilities	-	88,379
Total external restrictions	-	88,379
Total unrestricted	910,933	785,622
Total cash and cash equivalents available	**910,933**	**874,001**

Restricted cash detail

	2014	2013
	$	$
*External restrictions (included in liabilities)**		
Specific purpose unexpended grants	-	88,379
Total external restrictions	-	**88,379**
Internal restrictions (included in liabilities)		
Employee leave entitlements	13,979	10,539
Accrued wages	6,263	2,253
Total internal restrictions	**20,242**	**12,792**

* These were grants which were not expended as at 30 June 2013 on the expenses for which these were obtained.

9 Trade and other receivables

	2014	2013
	$	$
Rates and annual charges	3,031	3,031
Others	35,759	18,948
Less: provision for doubtful debts	(3,943)	-
Total unrestricted receivables	**34,847**	**21,979**

10 Property, plant and equipment

		2014	2013
		$	$
Land			
	At cost	400,000	400,000
		400,000	400,000
Buildings and improvements			
	At cost	1,483,909	1,430,632
	Accumulated depreciation	(746,015)	(671,715)
		737,894	758,917
Plant and equipment			
	At cost	260,593	249,315
	Accumulated depreciation	(209,627)	(182,127)
		50,966	67,188
Roads, bridges, footpaths			
	At cost	825,633	825,633
	Accumulated depreciation	(439,667)	(406,642)
		385,966	418,991
Office equipment and furniture			
	At cost	169,525	168,799
	Accumulated depreciation	(148,446)	(147,296)
		21,079	21,503
Motor vehicles			
	At cost	107,443	127,464
	Accumulated depreciation	(71,808)	(70,340)
		35,635	57,124
Total property, plant and equipment		**1,613,540**	**1,723,723**

10 Property, plant and equipment *(continued)*

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

	Land	Buildings and improve-ments	Plant and equipm-ent	Roads, bridges and footpaths	Office equipm-ent and furnitu-re	Motor vehicles	Total
Cost							
At 1 July 2012	400,000	832,132	72,777	440,293	18,254	41,743	1,805,199
Additions	-	-	19,797	11,724	4,549	34,500	70,570
Disposals	-	-	-	-	-	-	-
Depreciation	-	(73,215)	(25,386)	(33,025)	(1,300)	(19,120)	(152,046)
At 30 June 2013	**400,000**	**758,917**	**67,188**	**418,992**	**21,503**	**57,123**	**1,723,723**
At 1 July 2013	400,000	758,917	67,188	418,992	21,503	57,123	1,723,723
Additions	-	53,277	11,278	-	726	-	65,281
Disposals	-	-	-	-	-	(20,021)	(20,021)
Depreciation on disposals	-	-	-	-	-	20,021	20,021
Depreciation	-	(74,300)	(27,500)	(33,026)	(1,150)	(21,488)	(157,464)
At 30 June 2014	**400,000**	**737,894**	**50,966**	**385,966**	**21,079**	**35,635**	**1,631,540**

11 Trade and other payables

	2014 $	2013 $
Current		
Sundry creditors and accrued expenses	6,526	3,348
Accrued wages	6,263	6,369
PAYG held	3,830	3,394
Amounts received in advance	408	408
Goods and services tax	(582)	(3,444)
Total trade and other payables	**16,445**	**10,075**

12 Provision for employee benefits

	2014 $	2013 $
Current		
Accrued annual leave	13,979	10,539
Total provision for employee benefits	**13,979**	**10,539**

Notes *(continued)*

13 Statement of cash flows

a. Reconciliation of cash

	2014	2013
	$	$
Cash on hand and at bank	910,933	874,001
	----------	----------
Balance as per statement of cash flows	**910,933**	**874,001**
	======	======

b. Reconciliation of cash flows from operations

	2014	2013
	$	$
Surplus/(deficit) for the year	36,186	(31,455)
Non cash flows include din surplus/(deficit) for the year		
▪ Depreciation	157,464	152,046
Changes in assets and liabilities		
▪ Change in trade and other receivables	(12,868)	12,739
▪ Change on trade and other payables	6,370	2,692
▪ Change in provisions and unexpended grants	(84,939)	(3,241)
	---------	---------
Net cash from operating activities	**102,213**	**132,781**
	======	======

14 Statement of performance measurement

		2014	2013
		$	$
1. Current ratio			
Current assets-external restricted assets / Current liabilities	945,780 / 30,424	31.08	7.41
2. Rate coverage ratio			
Rate revenue / Total revenue	212,807 / 653,626	32.6%	36%
3. Rates and annual charges outstanding ratio			
Rates and annual charges outstanding / Rates and annual charges collectible	3,031 / 212,807	1.4%	2%

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Notes *(continued)*

15 Conditions over grants and contributions

	2014		2013	
	$	$	$	$
	Grants	Contribution	Grants	Contribution
Grants and contributions that were obtained on the condition that they be expended on specified purposes or in a future period but which are not yet expended in accordance with these conditions are as follows:				
Unexpended at the close of the previous reporting period	88,379	-	88,671	-
Less:				
Expended during the current reporting period from revenue recognised in the previous reporting periods	(88,379)	-	(88,671)	-
Plus:				
Amounts recognised as liabilities in the current reporting period as they had not yet been expended in accordance with the conditions	-	-	88,379	-
Unexpended at the close of the reporting period and held as restricted assets	-	-	88,379	-
Net increase/(decrease) in restricted assets	**(88,379)**	**-**	**88,379**	**-**

16 Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments as at 30 June 2014 *(30June 2013: nil)*

17 Financial instruments

Financial risk management policies

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

Specific financial risk exposures and management

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

(a) Credit risk

Exposure to credit risk

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

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

	2014	**2013**
	$	$
Rates receivables *(net of provision)*	-	3,031
Other receivables *(net of provision)*	34,847	18,948
Total cash and cash equivalents	**34,847**	**21,979**

17 Financial instruments *(continued)*

(a) Credit risk *(continued)*

Impairment losses

The ageing of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Current	18,753	-	18,036	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
More than 90 days	20,037	(3,943)	3,031	-
	38,790	**(3,943)**	**21,979**	-

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

(b) Liquidity risk

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

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

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

17 Financial instruments *(continued)*

(b) Liquidity risk *(continued)*

	Within one year		Above one year		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$		$	$
Financial liabilities due for payment						
Accounts payable (excluding estimated annual leave and deferred income	16,445	10,075	-	-	16,445	10,075
Total expected outflows	**(16,445)**	**(10,075)**	-	-	**(16,445)**	**(10,075)**
Financial Assets - cash flows realisable						
Cash on hand	910,933	874,001	-	-	910,933	874,001
Accounts receivable and other debtors	34,847	21,979	-	-	34,847	21,979
Total anticipated outflows	**945,780**	**895,980**	-	-	**945,780**	**895,980**
Net (outflow) / inflow on financial instruments	**929,335**	**885,905**	-	-	**929,335**	**885,905**

(c) Market risk

Interest rate risk

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

Profile

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

	2014	2013
	$	$
Fixed rate instruments		
Deposit balance at bank	**807,361**	**807,335**

17 Financial Instruments *(continued)*

(c) Market risk *(continued)*

Fair value sensitivity analysis for fixed rate instruments

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

Fair Value

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

18 Use of estimates and judgments

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

Impairment losses on receivables

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

Impairment losses on property and equipment

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

Useful life and residual value of property, plant and equipment

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