

## 6.5 Notes to the Financial Statements

### **Town of Eagle Bay** **Financial Report** **For the Year Ended 30 June 201Y**

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#### **Notes to and Forming Part of the Financial Report**

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## Note 1

### Commentary – Summary of Significant Accounting Policies

#### Important disclosures made before the summary of accounting policies

AASB 101 Aus15.4  
AASB 101 Aus15.2  
AASB 101.16

Preceding the summary of significant accounting policies, the following disclosures must be made:

- (a) a statement that the financial report is a general purpose financial report or special purpose financial report;
- (b) a statement of compliance with Australian Accounting Standards; and
- (c) where applicable, a statement of compliance with International Financial Reporting Standards (IFRS).

#### Statement of compliance with IFRSs

AASB 101 Aus16.3

Not-for-profit entities are not required to make a statement of explicit and unreserved compliance with IFRS.

#### Summary of accounting policies

AASB 101.117

A summary of significant accounting policies must include:

- (a) the measurement basis (or bases) used in preparing the financial report; and
- (b) the other accounting policies used that are relevant to an understanding of the financial report.

AASB 101.119

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position.

Some Australian Accounting Standards specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, AASB 116 requires disclosure of the measurement bases used for classes of property, plant and equipment.

#### Changes in Accounting policies

AASB 108.28

When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

- (a) the title of the Australian Accounting Standard;
- (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
- (c) the nature of the change in accounting policy;
- (d) when applicable, a description of the transitional provisions;
- (e) when applicable, the transitional provisions that might have an effect on future periods;
- (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment;
- (g) for each financial statement line item affected;
- (h) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- (i) if retrospective application required by paragraph 19(a) or (b) of *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial reports of subsequent periods need not repeat these disclosures.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

AASB 101.17  
AASB 101.Aus  
15.4

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local

AASB 101.Aus  
15.2

governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Standards Board, the *Local Government Act 1995* and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

AASB 101.122  
AASB 101.125

**Critical Accounting Estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. 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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

**(b) The Local Government Reporting Entity**

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated. All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 18 to this financial report.

UIG Interpretation  
1031

**(c) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

AASB 107.6  
AASB 107.45

**(d) Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

**(e) Trade and Other Receivables**

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Note 1

**Commentary – Summary of Significant Accounting Policies (Continued)**

**Australian Accounting Standard issued but not yet effective**

AASB 108.30

When an entity has not applied a new Australian Accounting Standard that has been issued but is not yet effective, the entity shall disclose:

- (a) this fact; and
- (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the entity's financial report in the period of initial application.

AASB 108.31

In complying with the paragraph above, an entity considers disclosing:

- (a) the title of the new Australian Accounting Standard;
- (b) the nature of the impending change or changes in accounting policy;
- (c) the date by which application of the Standard is required;
- (d) the date as at which it plans to apply the Standard initially; and
- (e) either:
  - (i) a discussion of the impact that initial application of the Standard is expected to have on the entity's financial report; or
  - (ii) if that impact is not known or reasonably estimable, a statement to that effect.

**Where compliance with an Australian Accounting Standard is misleading**

AASB 101.23

In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial reports set out in the Framework, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:

- (a) the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial reports set out in the Framework; and
- (b) for each period presented, the adjustments to each item in the financial reports that management has concluded would be necessary to achieve a fair presentation.

**Comparison of Figures**

FMR r. 36(2)(b)

The annual financial report is to include, adjacent to the end of year figures in the operating statement, the original budget estimates for those items for the financial year.

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**Note: Accounting policies continuously change and should be scrutinised and up-dated every financial period.**

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 102  
AASB 102.6  
AASB 102.9  
AASB 102.36

**(f) Inventories**

**(i) Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

AASB 102.6  
AASB 102.9  
AASB 102.10  
AASB 102.36

**(ii) Land Held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

AASB 116  
AASB 116.15  
AASB 116.73(a)

**(g) Fixed Assets**

**Initial Recognition**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

**Revaluation**

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset.

AASB 116.Aus39.1

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

AASB 116.Aus40.2

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

AASB 116.31

Those assets carried at a revalue amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

**Land under Roads**

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Land under Roads (continued)***

AASB 1051.8

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact *Local Government (Financial Management) Regulation 16 (a) (i)* prohibits local governments from recognising such land as an asset.

FMR r. 16(a)(i)

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

FMR r. 4(2)

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

AASB 116.73(a)(b)

**(h) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Expenditure on items of equipment under \$2,000 are not capitalised but are placed on an "Attractive Items" list for reference and maintenance.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 7.21

**(i) Financial Instruments**

**Initial Recognition and Measurement**

AASB 139.14  
AASB 139.38  
AASB 7.B5 (c)

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

AASB 139.43

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

AASB 139.46

**Classification and Subsequent Measurement**

Financial instruments are subsequently measured at amortised cost using the effective interest rate method or cost.

AASB 139.9

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. 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:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

AASB 139.AG8

The effective interest method used is 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 cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

AASB 139.9  
AASB 7.B5(a)

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

AASB 139.9

**(ii) Loans and receivables**

AASB 101.66 & 69

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 7.21

**(i) Financial Instruments (continued)**

AASB 139.9

**(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

AASB 139.9

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

AASB 139.47

**(v) Financial Liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

AASB 139.58

**Impairment**

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

AASB 139.48  
AASB 139.48A  
AASB 139.AG69 to  
AASB 139.AG82

**(j) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

AASB 137.14

**(k) Provisions**

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 117

**(l) Leases**

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charges as expenses in the periods in which they are incurred.

AASB 136  
AASB 136.9

**(m) Impairment**

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments made. 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. Impairment losses are recognised in the Statement of Comprehensive Income.

AASB 136.Aus32.1

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

AASB 139.47

**(n) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

AASB 139.43

**(o) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

AASB 139.47

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

AASB 101.69  
AASB 123  
AASB 123.8  
AASB 123.10 & 12

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 119

**(p) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

AASB 119.8  
AASB 119.10  
AASB 101.69

**Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits, wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the council expects to pay and includes related on-costs.

AASB 119.126  
AASB 119.128

**Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the Projected Unit Credit Method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

AASB 101.69

Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(q) Superannuation**

The Council contributes to a number of Superannuation Funds on behalf of their employees. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

AASB 131

**(r) Joint Venture**

The council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Statement of Financial Position and Statement of Comprehensive Income. Information about the joint venture is set out in Note 17.

AASB 1004.27

**(s) Rates, Grants, Donations and Other Contributions**

AASB 1004.30

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

AASB 1004.60

Where contributions recognised as revenues 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 nature of and amounts pertaining to those undischarged conditions are disclosed at Note 2(d). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 101.66  
AASB 101.69

**(t) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operation cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council's intentions to release for sale.

AASB 101.51(e)  
FMR r. 15(3)

**(u) Rounding Off Figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

**(v) Comparative Figures**

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

AASB 101.10(f)

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

FMR r. 36(2)

**(w) Budget Comparative Figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 108.30

**(x) New Accounting Standards and Interpretations for Application in Future Periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the council for the annual reporting period ending 30 June 201Y.

Council's assessment of these new standards and interpretations is set out below:

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i)	AASB 9 - Financial Instruments	December 2009	1 January 2013	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the council, it is not anticipated the standard will have any material effect.
(ii)	AASB 1053 – Application of Tiers of Australian Accounting Standards	June 2010	1 July 2013	Nil – Due to its nature and statutory requirements the council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii)	AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the council (refer (i) above).

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 108.30

**(x) New Accounting Standards and Interpretations for Application in Future Periods (continued)**

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010 – 8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	1 January 2012	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii)	AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010-17]	December 2010	1 January 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**Notes:**

(\*) Applicable to reporting periods commencing on or after the given date.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 108.30

**(x) New Accounting Standards and Interpretations for Application in Future Periods (continued)**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(viii)	AASB 2011 – 2 Amendments to Australian Accounting Standards – Arising from the Trans – Tasman Consequence Project – Reduced Disclosure Requirements. [AASB 101 & AASB 1054]	May 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	1 July 2012	
	AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	1 July 2013	
(ix)	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 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [ AASB 1, 2, 3, 5, 7, 9, 2009 – 11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, & 17 ] <b>Notes:</b>	August 2011	1 January 2013	Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Council.  With respect to AASB 128, when the Council has an interest in a Joint Venture, the requirement of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.  Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

(\*) Applicable to reporting periods commencing on or after the given date.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 108.30

**(x) New Accounting Standards and Interpretations for Application in Future Periods (continued)**

(x)	Title and Topic	Issued	Applicable (*)	Impact
	AASB 13 – Fair Value Measurement AASB 2011 – 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009 – 11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 140, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	1 January 2013	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements.</p> <p>AASB 13 requires:</p> <ul style="list-style-type: none"> <li>- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and</li> <li>- Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value.</li> <li>-</li> </ul> <p>AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards.</p> <p>The amendments to the legislation require the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.</p>

**Notes:**

(\*) Applicable to reporting periods commencing on or after the given date.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 201Y**

AASB 101.117

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 108.30

**(x) New Accounting Standards and Interpretations for Application in Future Periods (continued)**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(xi)	AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xii)	AASB 119 – Employee Benefits AASB 2010 – 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011 – 8 and Interpretation 14]	September 2011	1 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xiii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	1 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	1 July 2012	

**Notes:**

(\*) Applicable to reporting periods commencing on or after the given date.

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AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 201Y**

AASB 101.117      **1.    SIGNIFICANT ACCOUNTING POLICIES (continued)**

AASB 108.28      **(y)    Adoption of New and Revised Accounting Standards**

During the current year, the council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 124  
AASB 1054  
AASB 2009 – 12  
AASB 2010 – 4  
AASB 2010 – 5  
AASB 2010 – 6  
AASB 2010 – 9  
AASB 2010 – 14  
AASB 2011 – 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**General requirements**

AASB 118.35(b)

Disclosure is required of the amount of each significant category of revenue recognised during the period, including revenue arising from:

- (a) The sale of goods
- (b) The rendering of services
- (c) Interest
- (d) Royalties
- (e) Dividends

**Exchange of goods and services**

AASB 118.35

Disclosure is required of the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.

**Grants and contributions**

AASB 1004

Separate disclosure is required of the nature and amount of grants and contributions recognised as revenue where the related expenditure has not been incurred; the grants and contributions that relate to a future reporting period expenditure or services; or the grants and contributions that relate to future reporting periods for the purpose of establishing a rate.

Grants and contributions recognised as revenue in prior reporting periods that were utilised in the current reporting period must also be disclosed. (See section on Contributions).

**Revenue**

AASB 118

The definition of income encompasses revenue and gains. Revenue arises in the course of an entity's ordinary activities and is referred to by a variety of different names, including sales, fees, interest, dividends, royalties and rent. Gains represent other items that meet the definition of income and are often reported net of related expenses.

Income is generally recognised when earned. Recognition of income depends on whether:

- (a) an increase in future economic benefits related to an asset that can be measured reliably has arisen; and
- (b) A decrease of a liability that has arisen can be measured reliably.

Revenue should be measured at the fair value of the consideration received or receivable.

Revenue arising from the sale of goods should be recognised when an entity transfers the significant risks and rewards of ownership and collectability of the related receivable is reasonably assured.

Revenue from the rendering of services should be recognised by reference to the state of completion of the transaction at the balance sheet date. Revenue is recognised in the accounting periods in which the services are rendered under the percentage-of-completion method. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period.

The transaction is not a sale and revenue is not recognised when: the entity retains an obligation for unsatisfactory performance not covered by normal warranty provisions; the receipt of revenue from a particular sale is contingent on the derivation of revenue by the buyer from its sale of the goods; the buyer has the power to rescind the purchase for a reason specified in the sales contract; and the entity is uncertain about the probability of return.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 201Y**

AASB 101.38	NOTE	201Y	201Y Budget	201X
<i>FMR r. 15(3)</i>	<b>2. OPERATING REVENUES AND EXPENSES</b>	\$	\$	\$
	<b>(a) Net Result</b>			
	The Result includes:			
	(i) Charging as an Expense:			
<i>AASB 101.97</i>	<b>Significant Expense</b>			
	The significant expense relates to the reduction in the fair value of the Town's investments (refer Note 4 for further details).	(50,000)	0	0
<i>AASB 116.73(e)(vii)</i>	<b>Amortisation</b>			
	Capitalised Leased Assets	0	0	0
<i>AASB 101.Aus138.1</i>	<b>Auditors Remuneration</b>			
	- Audit	14,800	15,000	13,750
	- Other Services	4,830	5,000	7,015
	<b>Bad &amp; Doubtful Debts</b>			
	Rates	6,432	0	1,569
	General Debtors	391	0	358
<i>AASB 116.73(e)(vii)</i>	<b>Depreciation</b>			
	Buildings	366,771	433,860	443,867
	Furniture and Equipment	77,146	109,951	111,321
	Plant and Equipment	1,348,558	1,540,000	1,543,797
	Roads	4,730,174	4,696,189	4,631,320
	Footpaths	94,480	91,240	134,635
	Drainage	68,033	28,760	218,303
	Other Infrastructure	222,245	200,000	352,546
		<u>6,907,407</u>	<u>7,100,000</u>	<u>7,435,789</u>
	<b>Interest Expenses (Finance Costs)</b>			
<i>AASB 117.31(c)</i>	Finance Lease Charges	0	0	0
	Debentures	96,257	399,441	37,753
		<u>96,257</u>	<u>399,441</u>	<u>37,753</u>
<i>AASB 117.35(c)</i>	<b>Rental Charges</b>			
	- Operating Leases	139,246	139,246	139,250
		<u>139,246</u>	<u>139,246</u>	<u>139,250</u>
	(ii) Crediting as Revenue:			
	<b>Interest Earnings</b>			
<i>FMR r. 49</i>	Investments - Reserve Funds	247,379	200,000	176,159
<i>FMR r. 36(2)(d)</i>	Investments - Other Funds	199,330	139,100	182,129
	Other Interest Revenue	52,255	46,000	55,420
		<u>498,964</u>	<u>385,100</u>	<u>413,708</u>

**Revenue (Continued)**

AASB 118

Fees such as up-front fees, even if non-refundable, are earned as the products and/or services are delivered and/or performed over the term of the arrangement or the expected period of performance, and should be deferred and recognised systematically over the periods that the fees are earned.

Interest income is recognised using the effective yield method. Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Revenue and expenses on construction contracts should be recognised using the percentage-of-completion method.

When the outcome of the contract cannot be estimated reliably, revenue should be recognised only to the extent of costs incurred that it is probable will be recovered; contract costs should be recognised as an expense as incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss should be recognised as an expense immediately.

**Disclosure of Specific Revenues and Expenses**

AASB 101.86

When a revenue or an expense from ordinary activities is of such size, nature or incidence that its disclosure is relevant in explaining the financial performance of the local government, its nature and amount must be disclosed separately.

AASB 101.87

**Extraordinary Items**

An entity shall not present any item of income and expense as extraordinary items either on the face of the Income Statement or in the notes.

AASB 116.73(e)

**Depreciation and Amortisation**

The financial report shall disclose, for each class of property, plant and equipment a reconciliation of the carrying amount at the beginning and end of the period showing depreciation and amortisation.

AASB 101 Aus138.1

**Auditors Remuneration**

Disclose the amount payable to the auditor for an audit or a review of the financial statements and for non-audit services.

AASB 117.31(c)

**Finance Lease**

For financial leases, the amount of contingent rents recognised as an expense in the period needs to be disclosed.

AASB 117.35(c)

**Operating Lease**

Operating leases are to disclose the amount of lease and sublease payments recognised as an expense in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments.

FMR r. 49

**Investment information**

The annual financial report is to include, in relation to money invested, details of:

- (a) the amount earned from the investment of money held in reserve;
- (b) the amount earned from the investment of other money; and
- (c) the total earnings from investments.



2. OPERATING REVENUES AND EXPENSES (Continued)

AASB 1052.11(a)(i)

(b) Statement of Objectives

FMR Schedule 1,  
Part 1  
AASB 101.138(b)

The Town of Eagle Bay is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**REPORTING PROGRAM DESCRIPTIONS**

Council operations that are disclosed encompass the following service orientated activities/programs:

**GOVERNANCE**

**Objective:** To provide a decision making process for the efficient allocation of scarce resources.

**Activities:** Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:** To collect revenue to allow for the provision of services.

**Activities:** Rates, general purpose government grants, and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:** To provide services to help ensure a safer and environmentally conscious community.

**Activities:** Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

**HEALTH**

**Objective:** To provide services to achieve community and environmental health

**Activities:** Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.

**EDUCATION AND WELFARE**

**Objective:** To provide services to children, youth, the elderly and disadvantaged persons

**Activities:** Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services..

**HOUSING**

**Objective:** To provide and maintain staff housing and elderly residents' housing.

**Activities:** Provision and maintenance of staff housing and elderly residents' housing.

**COMMUNITY AMENITIES**

**Objective:** To provide services required by the community.

**Activities:** Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.

**RECREATION AND CULTURE**

**Objective:** To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

**Activities:** Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**Note 2(b)**

**Commentary – Financial Transaction Classifications**

DLGRD

**Statement of Objectives**

A Statement of Objective may be included by local governments to provide report users with an overview of the objective and goal of the local governments.

The program classifications used in the model financial report are only used to illustrate the reporting format; local governments should refer to Section 5 of the manual for program classifications that are appropriate for their circumstances.

AASB 101.99

**Disclosure by Program (Function or activity)**

An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.

**Note 2(c)**

**Program Classifications**

FMR r. 14

Regulation 14 of the FMR currently requires the Income Statement to be by Program and the Nature or Type statement to be included in the Notes. It is anticipated future legislative changes may mandate the disclosure of Income Statement by Nature or Type as part of the key financial statements. Therefore, for best practice, the model financial statements have recommended inclusion of both forms of Income Statements as part of the report body.

FMR Schedule 1, Part 1

The program classifications for the classification of financial transactions for local government in Western Australia are detailed in Schedule 1, Part 1 of the *Local Government (Financial Management) Regulations 1996*.

Also see "Section 5. – Local Government Accounting" which provides a detailed schedule of financial transactions of program and sub-program classifications.

FMR Schedule 1, Part 2

**Nature or Type Classifications**

The nature or type classifications for the classification of financial transactions for local government in Western Australia are detailed in Schedule 1, Part 2 of the *Local Government (Financial Management) Regulations 1996*.

AASB 1052.11(14) replaced AAS 27.86

For each broad function or activity, disclosure by note is required of the nature, objectives and carrying amount of assets attributable to each function or activity.

2. OPERATING REVENUES AND EXPENSES (Continued)

AASB 1052.11(a)(i)

(b) Statement of Objectives (Continued)

FMR Schedule 1,  
Part 1  
AASB 101.138(b)

**TRANSPORT**

**Objective:** To provide safe, effective and efficient transport services to the community.

**Activities:** Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Aerodromes and water transport facilities, cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

**Objective:** To help promote the shire and its economic wellbeing.

**Activities:** Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.

**OTHER PROPERTY & SERVICES**

**Objective:** To monitor and control council's overheads operating accounts.

**Activities:** Private works operation, plant repair and operation costs and engineering operation costs.

FMR Schedule 1,  
Part 2

(c) Nature or Type Classifications

The Town of Eagle Bay is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or function descriptions are also required by State Government regulations.

**Revenue**

**Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

**Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

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**TOWN OF EAGLE BAY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 201Y**

**2. OPERATING REVENUES AND EXPENSES (Continued)**

**(c) Nature or Type Classifications (Continued)**

**Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

**Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Other Revenue**

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

**Expenditure**

**Employee Costs**

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

**Material and Contracts**

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

**Utilities (Gas, Electricity, Water, etc)**

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.

**Depreciation on Non-Current Assets**

Depreciation and amortisation expense raised on all classes of assets.

**Loss on Asset Disposal**

Loss on the disposal of fixed assets.

**Interest Expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

**Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**Other Expenditure**

Statutory fees, taxes, provision of bad debts. Donations and subsidies made to community groups.

Note 2(d)

**Commentary – Conditions Over Grants, Subsidies and Contributions**

**Definition**

DLGRD

Contributions are defined as non-reciprocal transfers to the local government in the sense that it is not required to give value in exchange for contributions directly to the contributor. Examples include ex-gratia rates, grants, donations and regulatory fees. Other examples are development contributions and contributions to works by adjoining owners.

Government grants can either be monetary or otherwise and may be tied or untied. Tied grants are required to be used for a specific purpose such as construction of a road or swimming pool. Untied grants may be applied for any purpose council considers appropriate.

**Disclosure Requirements**

AASB 1004.60

The reporting requirements for contributions are subject to AASB 1004 Contribution.

In term of disclosure, AASB 1004.60 requires the following:

“The financial statements shall disclose, separately by way of note, the amounts and nature of:

- (a) contributions recognised as income during the reporting period in respect of which expenditure in a manner specified by a transferor contributor had yet to be made as at the reporting date, details of those contributions and the conditions attaching to them;
- (b) contributions recognised as income during the reporting period that were provided specifically for the provision of goods or services over a future period; and
- (c) contributions recognised as income during the reporting period that were obtained in respect of a future rating identified by the local government, for the purpose of establishing a rate.”

AASB 1004.61

Where a local government receives contributions on the condition that the related assets shall be expended in a particular manner or used over a particular period and those conditions are undischarged in part or in full as at the report date, they should be disclosed by way of note.

Unspent conditional grants existing at year end should also be disclosed as restricted cash by way of note to the financial report.

**Other Requirements**

AASB 1004.6

The following table identifies the paragraphs of AASB 1004 applicable to local government entities:

- |   |              |
|---|--------------|
| • Measurement of contributions                                    | Para 11      |
| • Recognition of contributions of assets                          | Para 12 – 15 |
| • Liabilities forgiven  | Para 16 – 17 |
| • Disclosures   | Para 18      |
| • Recognition of contributions other than contributions by owners | Para 19 – 30 |
| • Contributions of services                                       | Para 44 – 47 |
| • Contribution by owners and distributions to owners              | Para 48 – 53 |
| • Disclosures of contributions                                    | Para 60 – 62 |

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 201Y**

2. OPERATING REVENUE AND EXPENSES

AASB 1004.60

(d) Conditions Over Grants, Subsidies and Contributions	Opening Balance (*) 1 July 201W	Received (+) 201X	Expended (#) 201X	Closing Balance (*) 30 Jun 201X	Received (+) 201Y	Expended (#) 201Y	Closing Balance 30 Jun 201Y
Grant/Subsidy/Contribution	\$	\$	\$	\$	\$	\$	\$
<b><u>Governance</u></b>							
Grant - Young Indigenous Scholarship	10,000	0	(8,612)	1,388	0	(1,388)	0
<b><u>Law, Order &amp; Public Safety</u></b>							
Contribution - Wild Dog Control	7,350	186,195	(141,363)	52,182	306,319	(358,501)	0
<b><u>Education &amp; Welfare</u></b>							
Grant - HACC Funding	116,381	520,000	(610,296)	26,085	700,000	(726,085)	0
Grant - Dept of Veterans Affairs	0	308,150	(302,130)	6,020	370,000	(376,020)	0
Grant - Silver Chain	1,951	435,070	(406,097)	30,924	580,000	(610,924)	0
<b><u>Recreation &amp; Culture</u></b>							
Grant - Wind Farm	26,158	37,301	(14,009)	49,450	0	(49,450)	0
<b><u>Transport</u></b>							
Grant - Roads to Recovery	0	2,781,736	(1,963,376)	818,360	2,362,935	(2,114,658)	1,066,637
Grant - MRWA	271	300,000	(300,271)	0	272,000	(272,000)	0
Grant - MRWA Drainage Construction	0	1,500,000	(888,203)	611,797	500,000 (^)	(611,797)	500,000
<b><u>Other Property &amp; Services</u></b>							
Contribution - New Apprenticeship Fund	13,886	15,000	0	28,886	15,000	(43,886)	0
<b>Total Unspent Grants</b>	<b>175,997</b>	<b>6,083,452</b>	<b>(4,634,357)</b>	<b>1,625,092</b>	<b>5,106,254</b>	<b>(5,164,709)</b>	<b>1,566,637</b>
<b>Subsidies, Contributions</b>							

**Notes:**

- (\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (^) - Grants received but not expected to be fully expended in the next financial year.

**Note 3****Commentary – Cash and Cash Equivalents**

AASB 107.6

**Definitions of 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 are subject to an insignificant risk of changes in value.

Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares acquired within a short period of their maturity and with a specified redemption date.

AASB 1004

**Restricted Funds**

Unspent conditional grants existing at year end and cash reserves should be disclosed as restricted cash by way of a note to the financial report.

**Note 4****Commentary – Investments**

SAC 2.35

**Disclosure to cater for non-cash (or cash equivalent) financial assets.**

The disclosure of information about the capacity of the reporting entity to modify the composition of the resources under its control is relevant to making and evaluating decisions about the allocation of scarce resources. Such modification may be required by changes in the environment within which the entity operates or in response to directives from controlling bodies. In this respect, disclosure of information on the location, realisable value and current state of repair of the entity's assets would be relevant to users, as would disclosure of any restrictions that may have been imposed on the entity regarding its use of the assets.

AASB 116.74(a)

**Disclosure**

The financial statements shall also disclose:

- (a) the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities;



AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
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AASB 101.38  
FMR r. 15(3)

	NOTE	201Y \$	201X \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Cash - Unrestricted Muni		52,895	850,416
Cash - Restricted		<u>6,728,955</u>	<u>5,155,288</u>
	14(a)	<u><u>6,781,850</u></u>	<u><u>6,005,704</u></u>

SAC 2.35  
AASB 116.74(a)

**The following restrictions have been imposed by regulations or other externally imposed requirements:**

Land Purchase & Development Reserve	12	941,906	434,375
Plant Reserve	12	1,175,544	806,956
Building Reserve	12	1,777,669	1,224,785
Sanitation (Rubbish Removal) Services Reserve	12	623,039	406,750
Employee Entitlements	12	<u>644,160</u>	<u>657,330</u>
<b>Total Reserves</b>		<u>5,162,318</u>	<u>3,530,196</u>

AASB 1004

Unspent Grants	2(d)	1,566,637	1,625,092
Unspent Loans	23(c)	<u>0</u>	<u>0</u>
<b>Total Unspent Grants and Loans</b>		<u>1,566,637</u>	<u>1,625,092</u>

<b>TOTAL RESTRICTED CASH</b>		<u><u>6,728,955</u></u>	<u><u>5,155,288</u></u>
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**4. INVESTMENTS**

Financial assets at fair value through profit and loss		<u>190,000</u>	<u>0</u>
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**Financial assets at fair value through profit and loss**

At beginning of the year		240,000	0
Revaluation to Statement of Comprehensive Income		(50,000)	0
Additions		0	0
Disposals		<u>0</u>	<u>0</u>
At end of the year		<u>190,000</u>	<u>0</u>

**Held for Trading**

ADI - FRN's (issued by banks)		120,000	0
CDO - FRN's (cash deposit options)		<u>70,000</u>	<u>0</u>
		<u>190,000</u>	<u>0</u>

SAC 2.35  
AASB 116.74(a)

**The following restrictions have been imposed by regulations or other externally imposed requirements:**

Building Reserve		<u>190,000</u>	<u>0</u>
		<u>190,000</u>	<u>0</u>

**Note 5**

**Commentary – Trade and Other Receivables**

**Current and Non-Current Receivables**

AASB 101.60 –  
61

Receivables are to be apportioned between current and non-current on the basis set out in AASB 101.

**Rates Outstanding**

These receivables refer to the general and special rate revenues disclosed in Note 3 - Rates Revenues.

UIG 1031

**GST Receivables**

In accordance with UIG Abstract 1031 *“Accounting for the Goods & Services Tax”*, Receivables includes GST Receivables.

**Note 6**

**Commentary – Inventories**

AASB 102.9

Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

**Land and Real Estate Held for Re-sale**

AASB 102.36

Land and real estate development have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale.

Revenues arising from the sale of property are recognised in the Income Statement when settlement is completed.

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		201Y	201X
		\$	\$
	<b>5. TRADE &amp; OTHER RECEIVABLES</b>		
	<b><u>Current</u></b>		
	Rates	166,908	227,758
	General Receivables	216,106	204,334
	Provision for Doubtful Debts	0	0
<i>UIG Interpretation</i>	GST Net Position	120,573	90,154
<i>1031</i>	Interest	0	7,781
	Self Supporting Loan Debtors	24,393	64,887
		<u>527,980</u>	<u>594,914</u>
	<b><u>Non-Current</u></b>		
	Rates Outstanding - Pensioners	22,956	5,081
	Self Supporting Loan Debtors	379,554	399,829
	Other	72,845	56,759
		<u>475,355</u>	<u>461,669</u>
<i>AASB 102.36</i>	<b>6. INVENTORIES</b>		
<i>AASB 102.9</i>	<b><u>Current</u></b>		
	Fuel and Materials	231,742	192,636
	Land Held for Resale - Cost		
	Cost of Acquisition	56,800	98,300
	Development Costs	367,771	299,916
		<u>656,313</u>	<u>590,852</u>
	<b><u>Non-Current</u></b>		
	Land Held for Resale - Cost		
	Cost of Acquisition	2,444,080	1,550,000
	Development Costs	434,793	450,000
		<u>2,878,873</u>	<u>2,000,000</u>

**Recognition**

AASB 116.7

The cost of an item of PPE shall be recognised as an asset if and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity and;
- (b) the cost of the item can be measured reliably.

AASB 13

**Fair Value:**

Note that AASB 13 *Fair Value Measurement* which applies to annual reporting periods beginning on or after 1 January 2013 (but which can be adopted earlier) applies when another Standard requires or permits fair value measurements or disclosures about fair value measurements.

FMR 17A

Note too that FMR 17A mandates the use of fair value to be phased-in over 3 years from 1 July 2012.

**Initial recognition - disclosure**

AASB 116.73(a)

PPE should be recognised when it meets the recognition criteria of an asset. PPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

Directly attributable costs are the cost of site preparation, delivery, installation costs and relevant professional fees.

**Subsequent recognition - disclosure**

Classes of PPE should be carried at historical cost less accumulated depreciation and any accumulated impairment losses, or at a re-valued amount less any accumulated depreciation and subsequent accumulated impairment losses.

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) should be depreciated on a systematic basis over its useful life.

The cost of a major inspection or overhaul of an item occurring at regular intervals over the useful life of the item is capitalised only where the entity has clearly identified as a separate component of the asset an amount representing major inspection or overhaul and has already depreciated that component to reflect the consumption of benefits that are to be subsequently replaced.

The carrying amount of the parts replaced should be appropriately derecognised. In all other circumstances such costs are expensed as incurred.

Impairment - this policy refers only to non-current assets – see Commentary Impairment of Assets.

**Determining “Classes” of Assets**

AASB 116.37

A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. Subject to materiality, classes of assets should be determined according to their nature. Where an asset is comprised of a number of different components of rather different natures, the grouping is still made on the basis of the nature of the asset as used by the local government.

**Depreciation**AASB 116.43 to  
AASB 116.62

A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method.

Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method results in a charge based on the expected use or output. The entity selects the method that most closely reflects on the expected pattern of consumption of the future economic benefits embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits.

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		201Y	201X
		\$	\$
AASB 116	<b>7a. PROPERTY, PLANT AND EQUIPMENT</b>		
	Land - Cost	12,730,167	12,457,362
	Less Accumulated Depreciation	<u>0</u>	<u>0</u>
		12,730,167	12,457,362
	Buildings - Cost	15,081,793	14,694,413
	Less Accumulated Depreciation	<u>(3,746,056)</u>	<u>(3,379,285)</u>
		11,335,737	11,315,128
	Furniture and Equipment - Cost	895,174	1,426,495
	Less Accumulated Depreciation	<u>(638,235)</u>	<u>(1,115,109)</u>
		256,939	311,386
	Plant and Equipment - Cost	2,865,445	2,814,165
	Less Accumulated Depreciation	<u>(2,123,703)</u>	<u>(1,950,728)</u>
		741,742	863,437
AASB 117.20	Plant and Equipment Under Lease	2,270,110	2,037,911
	Less Accumulated Depreciation	<u>(595,703)</u>	<u>(401,210)</u>
		1,674,407	1,636,701
	Road Construction Plant - Cost	8,171,672	7,920,130
	Less Accumulated Amortisation	<u>(3,332,593)</u>	<u>(3,058,332)</u>
		4,839,079	4,861,798
		<u>31,578,071</u>	<u>31,445,812</u>

All property, plant and equipment asset classes are carried at cost and whilst not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

**Revaluation**

The fair value of PPE is its open market value rather than market value on an existing use basis. Where there is no evidence of market value because of the specialised nature of the asset, PPE is valued at its depreciated replacement cost, being the depreciated current acquisition cost of a similar asset.

AASB 116.29 – 31

Subsequent to initial recognition, each class of non-current assets must be measured on either the cost model or the revaluation model.

**Note that notwithstanding the option of the cost model or revaluation model in AASB 116.29, FMR 17A mandates the use of fair value (the revaluation model) to be phased-in over 3 years from 1 July 2012.**

**Cost Model**

After recognition as an asset, an item of PPE shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

FMR 17A

**Revaluation Model**

AASB 116.31

After recognition as an asset, an item of PPE whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

AASB 116.36

When an item of PPE is revalued, its entire class should be revalued.

AASB 116.77

When a class of non-current assets has been revalued, the financial report must disclose: the effective date of the revaluation; whether an independent valuer was involved; and the basis of the revaluation.

The increase of the carrying amount of an asset as a result of a revaluation should be credited directly to equity (under the heading 'revaluation reserve').

The profit or loss on disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset.

AASB 116.35

Where an entity revalues depreciable assets, any accumulated depreciation at the date of the revaluation is treated as following:

- 'restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.'

This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost.

**Movement in Carrying Amounts**

AASB 116.73(e)

Requires a reconciliation of the carrying amount at the beginning and end of the period showing additions, disposals, revaluation, impairment, depreciation and other changes.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112  
AASB 116

**TOWN OF EAGLE BAY**  
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**7b. PROPERTY, PLANT AND EQUIPMENT**

AASB 116.73(e)

**Movements in Carrying Amounts**

The following represents the movement in carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	<b>Land</b>	<b>Buildings</b>	<b>Furniture &amp; Equipment</b>	<b>Plant &amp; Equipment</b>	<b>Plant &amp; Equip Under Lease</b>	<b>Road Construction Plant</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at 1 July 201X	12,457,362	11,315,128	311,386	863,437	1,636,701	4,861,798	31,445,812
Additions							
Renewal	0	181,869	18,719	0	0	0	200,588
New	272,805	205,511	28,079	63,691	740,074	1,227,692	2,537,852
Disposals	0	0	(24,099)	(3,428)	(401,799)	(384,380)	(813,706)
Revaluation - Increments	0	0	0	0	0	0	0
(Decrements)	0	0	0	0	0	0	0
Impairment - Increments	0	0	0	0	0	0	0
(Decrements)	0	0	0	0	0	0	0
Depreciation	0	(366,771)	(77,146)	(181,958)	(300,569)	(866,031)	(1,792,475)
Other Movements	0	0	0	0	0	0	0
<b>Balance as at 30 June 201Y</b>	<b><u>12,730,167</u></b>	<b><u>11,335,737</u></b>	<b><u>256,939</u></b>	<b><u>741,742</u></b>	<b><u>1,674,407</u></b>	<b><u>4,839,079</u></b>	<b><u>31,578,071</u></b>

**Other Infrastructure Assets**

AASB 116

The reporting requirements for Infrastructure Assets are the same as those for PPE. After initial recognition, all infrastructure assets shall be carried at historical cost less accumulated depreciation and any accumulated impairment losses, or at a revalued amount less any accumulated depreciation and subsequent accumulated impairment losses.

If the local government has determined that the carrying amount of all infrastructure assets to be their cost (see previous Cost Model), then these assets are carried at cost and whist not subject to a policy of regular revaluation, they are subject to the annual impairment test.

If the local government has adopted the revaluation model for a class of infrastructure assets (eg. roads), then the local government should re-value the class of assets with sufficient regularity to ensure the carrying amount of the class is fairly stated at reporting date.

FMR 17A(4)

**Note that FMR 17A(4) requires each local government to revalue each class of assets every 3 years after initial revaluation at fair value under this regulation.**

Revenues arising from the sale of property are recognised in the Income Statement when settlement is completed.

**Movement in Carrying Amounts**

AASB 116.73(e)

Requires the reconciliation of the carrying amount of the Infrastructure asset at the beginning and end of the period showing additions, disposals, revaluation, impairment, depreciation and other changes.

**Land Under Roads**

FMR r. 16

*AASB 1051 Land Under Roads* requires local governments to recognise land under roads acquired after 1 July 2008.

However, under the present Financial Management Regulations, a local government is prohibited to include as an asset:

- Crown land that is a thoroughfare, the responsibility for managing which is vested in the local government, or
- land that is not owned by the local government but is under the control or management of the local government.

But is to include land operated by the local government as a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance.

FMR r. 4

Under these circumstances, the local government is required to comply with regulation 4(2) which states that where a requirement under Australian Accounting Standards is inconsistent with a provision in the regulations, the provisions of the regulations prevail to the extent of that inconsistency.

The result of this is that local governments are not to recognize land under roads as an asset.



**TOWN OF EAGLE BAY**  
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		201Y	200X
		\$	\$
AASB 116	<b>8a. INFRASTRUCTURE</b>		
	Roads - Cost	260,058,298	253,772,740
	Less Accumulated Depreciation	<u>(88,538,837)</u>	<u>(83,677,423)</u>
		171,519,461	170,095,317
	Drainage - Cost	2,832,873	2,711,180
	Less Accumulated Depreciation	<u>(1,044,492)</u>	<u>(976,459)</u>
		1,788,381	1,734,721
	Bridges - Cost	861,642	811,414
	Less Accumulated Depreciation	<u>(285,302)</u>	<u>(244,299)</u>
		576,340	567,115
	Footpaths and Cycleways - Cost	4,701,608	4,305,552
	Less Accumulated Depreciation	<u>(1,352,095)</u>	<u>(1,207,616)</u>
		3,349,513	3,097,936
	Parks and Gardens - Cost	6,518,991	6,258,991
	Less Accumulated Depreciation	<u>(5,009,798)</u>	<u>(4,696,849)</u>
		1,509,193	1,562,142
	Airports - Cost	2,398,359	2,178,649
	Less Accumulated Depreciation	<u>(483,853)</u>	<u>(422,827)</u>
		1,914,506	1,755,822
	Sewerage - Cost	4,576,113	4,506,113
	Less Accumulated Depreciation	<u>(3,388,338)</u>	<u>(3,275,685)</u>
		1,187,775	1,230,428
	Other - Cost	1,595,979	1,461,034
	Less Accumulated Depreciation	<u>(214,934)</u>	<u>(170,320)</u>
		1,381,045	1,290,714
		<u>183,226,214</u>	<u>181,334,195</u>

AASB 136.8

**Definition**

An asset is impaired when its carrying amount exceeds its recoverable amount.

**Indicators**

External indications of impairment include: a decline in an asset's market value; significant adverse changes in the technological, market, economic or legal environment or increases in market interest rates.

Internal indications include: evidence of obsolescence or physical damage of an asset, changes in the way an asset is used (for example, due to restructuring or discontinued operations), or evidence from internal reporting that the economic performance of an asset is, or will be, worse than expected.

AASB 136.12

**Impairment Test**

Assets are subject to an impairment test, with the following exceptions: inventories, construction contract assets, deferred tax assets, employee benefit assets, non-current assets classified as held for sale; various financial assets; investment properties carried at fair value; biological assets carried at fair value less point of sale costs; and deferred acquisition costs.

When performing the impairment test of an asset, the entity should estimate the recoverable amount of the asset and if necessary, recognise an impairment loss for the excess of the carrying amount over the recoverable amount.

The recoverable amount is the higher of an asset's "fair value less cost to sell" and its "value in use". Fair value less cost to sell is the amount obtainable from the sale of the asset or CGU in an arm's length transaction less cost of disposal. Value in use is the present value of the future cash flow expected to be derived from an asset or CGU.

Due to the nature of most local government assets being service oriented, the recoverable amount would more correctly be defined as the higher of an asset's 'fair value less costs to sell' and its 'depreciated replacement cost'.

*Impairment of Financial Assets – See Commentary on Financial Assets.*

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
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**8b. INFRASTRUCTURE**

AASB 116.73(e)

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	<u>Roads</u> \$	<u>Drainage</u> \$	<u>Bridges</u> \$	<u>Footpaths &amp; Cycleways</u> \$	<u>Parks and Gardens</u> \$	<u>Airports</u> \$	<u>Sewerage</u> \$	<u>Other</u> \$	<u>Total</u> \$
Balance as at 1 July 201X	170,095,317	1,734,721	567,115	3,097,936	1,562,142	1,755,822	1,230,428	1,290,714	181,334,195
Additions									
Renewal	3,200,224	121,693	30,228	23,119	0	219,710	0	134,945	3,729,919
New	2,133,483			322,938					2,456,421
Disposals	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0
- (Decrements)	(750,500)	0	0	0	0	0	0	0	(750,500)
Impairment - (losses)	0	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0	0
Depreciation	(4,730,174)	(68,033)	(21,003)	(94,480)	(52,949)	(61,026)	(42,653)	(44,614)	(5,114,932)
Other Movements	1,571,111	0	0	0	0	0	0	0	1,571,111
Balance as at 30 June 201Y	<u>171,519,461</u>	<u>1,788,381</u>	<u>576,340</u>	<u>3,349,513</u>	<u>1,509,193</u>	<u>1,914,506</u>	<u>1,187,775</u>	<u>1,381,045</u>	<u>183,226,214</u>

**Note 9****Commentary – Trade and Other Payables****Trade Payables**

Trade payables or at times termed Sundry Creditors are liabilities incurred for goods or services that have been received or supplies that have been invoiced or formally agreed with the supplier.

**Accrual Expenses**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier. Items that have been used in the model statement are Accrued Interest on Debentures and Accrued Salaries and Wages, another example is accrued rental payable.

**Note 10****Commentary – Long Term Borrowings**

Long term borrowings are split into current and non current components.

AASB 101.73

The Standard has explicated that if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation as current.

Bank overdrafts are a current liability and are disclosed separately as a short-term borrowing.

**Lease Liability**

AASB 117.20

A local government (lessee) is to recognise the lease liability or asset at amounts equal to the fair value of the lease property, or if lower, the present value of the minimum lease payments, determined at the inception of the lease.

**Note 11****Commentary – Provisions**

Provisions are only recognised when the local government has a present legal or constructive obligation as a result of past events i.e. it is probable (more likely than not) that an outflow of resources will be required to settle the obligations; and the amount can be reliably estimated.

**Provision for Annual Leave**

AASB 119.8

Annual leave entitlement is a form of short-term compensated absence and therefore, classified as current liabilities. It is calculated pro-rata as the leave amounts expected to be paid.

**Provision for Long Service Leave**

AASB 119.126

Long Service Leave is classified as current and non current. The liability in relation to long service leave is calculated as the present value of the expected future cash outflows required to settle the obligation that exists at reporting date.

AASB 101.69(d)

Where council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability. For example, Long Service Leave entitlements for employees with greater than 7 years service need to be disclosed as a current liability, and entitlements less than 7 years disclosed as non-current liability.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

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		201Y		201X
		\$		\$
	<b>9. TRADE AND OTHER PAYABLES</b>			
	<b>Current</b>			
	Sundry Creditors	986,730		830,526
	Accrued Interest on Debentures	71,652		7,112
	Accrued Salaries and Wages	67,913		55,666
		1,126,295		893,304
AASB 101.73	<b>10. LONG-TERM BORROWINGS</b>			
	<b>Current</b>			
	Secured by Floating Charge			
	Debentures	83,612		64,886
AASB 117.20	Lease Liability	0		0
		83,612		64,886
	<b>Non-Current</b>			
	Secured by Floating Charge			
	Debentures	2,358,215		419,894
AASB 117.20	Lease Liability	0		0
		2,358,215		419,894
	Additional detail on borrowings is provided in Note 23.			
	<b>11. PROVISIONS</b>			
	<b>Current</b>			
AASB 119.8	Provision for Annual Leave	668,540		756,421
AASB 101.69(d)	Provision for Long Service Leave	155,243		167,935
		823,783		924,356
	<b>Non-Current</b>			
AASB 119.126	Provision for Long Service Leave	459,277		648,258
		459,277		648,258

**Reserve Disclosure**

FMR r. 38.1

In relation to each reserve account, the annual financial report is to include details of:

- "
- (a) the purpose for which the money in the account is set aside;
  - (b) the amount set aside during the financial year;
  - (c) the amount used during the financial year;
  - (d) the opening balance brought forward on 1 July;
  - (e) the closing balance at 30 June;
  - (f) if the money held in a financial institution or institutions is insufficient to match the corresponding asset account in the statement of financial position —
    - (i) the extent of the insufficiency;
    - (ii) the reason for the insufficiency; and
    - (iii) when the insufficiency is likely to be made up;
  - (g) when the local government anticipates the money in the account will be used; and
  - (h) if the purpose of the account was changed or if money in the account was used for another purpose —
    - (i) the purpose for which the money was used;
    - (ii) the amount changed or used; and
    - (iii) the objects of, and reasons for, the change or use.
- "

When a reserve is backed by other financial assets instead of bank investments, then the wording should be amended to:

- Reserves – Investment Backed (if investment only)
- Reserves – Cash/Investment Backed (if a mixture of two)

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	201Y	201Y	201X
	\$	Budget	\$
		\$	
<i>FMR r. 38(1)</i>			
<b>12. RESERVES - CASH/INVESTMENT BACKED</b>			
<b>(a) Land Purchase &amp; Development Reserve</b>			
Opening Balance	584,375	584,375	300,000
Amount Set Aside / Transfer to Reserve	781,352	209,110	887,775
Amount Used / Transfer from Reserve	(202,701)	(299,490)	(603,400)
	<u>1,163,026</u>	<u>493,995</u>	<u>584,375</u>
<b>(b) Plant Reserve</b>			
Opening Balance	806,956	806,956	520,148
Amount Set Aside / Transfer to Reserve	632,244	318,012	670,384
Amount Used / Transfer from Reserve	(263,656)	(285,545)	(383,576)
	<u>1,175,544</u>	<u>839,423</u>	<u>806,956</u>
<b>(c) Building Reserve</b>			
Opening Balance	824,785	824,785	644,573
Amount Set Aside / Transfer to Reserve	948,367	477,019	755,575
Amount Used / Transfer from Reserve	(395,483)	(1,178,616)	(575,363)
	<u>1,377,669</u>	<u>123,188</u>	<u>824,785</u>
<b>(d) Sanitation (Rubbish Removal) Reserve</b>			
Opening Balance	406,750	406,750	312,347
Amount Set Aside / Transfer to Reserve	218,906	91,318	178,219
Amount Used / Transfer from Reserve	(2,617)	(42,000)	(83,816)
	<u>623,039</u>	<u>456,068</u>	<u>406,750</u>
<b>(e) Aerodrome Reserve</b>			
Opening Balance	250,000	250,000	256,600
Amount Set Aside / Transfer to Reserve	624,110	215,000	200,000
Amount Used / Transfer from Reserve	(695,230)	(405,210)	(206,600)
	<u>178,880</u>	<u>59,790</u>	<u>250,000</u>
<b>(f) Employee Entitlements</b>			
Opening Balance	657,330	657,330	427,366
Amount Set Aside / Transfer to Reserve	171,082	168,125	260,529
Amount Used / Transfer from Reserve	(184,252)	(236,993)	(30,565)
	<u>644,160</u>	<u>588,462</u>	<u>657,330</u>
<b>TOTAL RESERVES</b>	<u>5,162,318</u>	<u>2,560,926</u>	<u>3,530,196</u>
<b><u>Summary of Reserve Transfers</u></b>			
<b>Transfers to Reserves</b>			
Land Purchase & Development Reserve	781,352	209,110	887,775
Plant Reserve	632,244	318,012	670,384
Building Reserve	948,367	477,019	755,575
Sanitation (Rubbish Removal) Reserve	218,906	91,318	178,219
Aerodrome Reserve	624,110	215,000	200,000
Employee Entitlements	171,082	168,125	260,529
	<u>3,376,061</u>	<u>1,478,584</u>	<u>2,952,482</u>
<b>Transfers from Reserves</b>			
Land Purchase & Development Reserve	(202,701)	(299,490)	(603,400)
Plant Reserve	(263,656)	(285,545)	(383,576)
Building Reserve	(395,483)	(1,178,616)	(575,363)
Sanitation (Rubbish Removal) Reserve	(2,617)	(42,000)	(83,816)
Aerodrome Reserve	(695,230)	(405,210)	(206,600)
Employee Entitlements	(184,252)	(236,993)	(30,565)
	<u>(1,743,939)</u>	<u>(2,447,854)</u>	<u>(1,883,320)</u>
<b>Total Net Transfer to/(from) Reserves</b>	<u>1,632,122</u>	<u>(969,270)</u>	<u>1,069,162</u>

**Note  
13**

**Commentary – Asset Revaluation**

AASB  
116

AASB 116 requires subsequent to initial recognition, each class of non-current assets must be measured on either the cost model or the revaluation model (*see commentary on Property, Plant and Equipment (PPE)*).

When an item of PPE is revalued, its entire class should be revalued.

AASB  
116  
Aus39(1)  
AASB  
116  
Aus40(1)

Revaluation of assets are accounted for in accordance to the provisions of AASB 116:

**Increments**

The net re-valuation increase shall be credited directly to re-valuation reserve. However, the net re-valuation increase shall be recognised in the Income Statement to the extent that it reverses a net re-valuation decrease of the same class of assets previously recognised.

**Decrements**

Re-valuation decrements are recorded against any existing re-valuation reserve for that class of asset or if no such reserve exists, must be recorded in the Income Statement as an expense.

For not-for-profit entities such as local governments, the re-valuation changes are treated on a “class basis”.

FMR 17A

**Mandated Use of Fair Value**

Notwithstanding the option in AASB 116 to use either the cost model or the revaluation model (at fair value), the *Local Government (Financial Management) Regulations 1996* require a local government to use fair value in financial reports. This requirement is to be phased-in over 3 years from the financial year ending 30 June 2013 in accordance with the following timeframe:

<b>Financial Year</b>	<b>Asset Group / Resources</b>
<b>2012/13</b>	Plant and equipment – using in-house resources.
<b>2013/14 or 2014/15 (alternate year to infrastructure)</b>	Land and buildings (including specialised and non-specialised buildings valued at component level) – using industry cost guidelines.
<b>2013/14 or 2014/15 (alternate year to land and building)</b>	Infrastructure – revalued using industry unit costs – given that infrastructure is already reported and likely to have been recently revalued.
<b>2014/15</b>	All other assets (including intangible, historical and cultural assets, library books, art collections, etc).
<b>Triennially – ongoing</b>	All asset classes revalued on a 3-yearly cycle to enable plant and equipment revaluation by 30 June 2016 and again by 30 June 2019, and so on; land and buildings by 30 June 2017 and again by 30 June 2020, and so on.



AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
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**12. RESERVES - CASH/INVESTMENT BACKED (Continued)**

*FMR r. 38(1)(f)* All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 and 4 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

- FMR r. 38(1)(a)*
- Land Purchased & Development Reserve
    - established to fund land improvements and sub-division development.
  - Plant Reserve
    - to be used for the purchase of major plant.
  - Building Reserve
    - to be used for the construction of a new administration centre.
  - Sanitation (Rubbish Removal) Services Reserve
    - established to fund the purchase of major sanitation equipment and for the future development of waste disposal facilities. Funded from the annual surplus derived from property rubbish disposal/collection fees after expenses
  - Aerodrome Reserve
    - to maintain a safe landing airstrip and functional airport amenities.
  - Employee Entitlement Reserve
    - to be used to fund annual and long service leave requirements.

*FMR r. 38(1)(g)* The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

<i>AASB 116</i>	<b>13. RESERVES - ASSET REVALUATION</b>	<b>201Y</b>	<b>201X</b>
	Asset revaluation reserves have arisen on revaluation of the following classes of assets:	<b>\$</b>	<b>\$</b>
	<b>(a) Land and Buildings</b>		
	Opening Balance	14,514,121	14,514,121
	Revaluation Increment	0	0
	Revaluation Decrement	0	0
		<u>14,514,121</u>	<u>14,514,121</u>
	<b>(b) Roads</b>		
	Opening Balance	88,720,333	88,720,333
<i>AASB 116.Aus 39.1</i>	Revaluation Increment	0	0
<i>AASB 116.Aus 40.1</i>	Revaluation Decrement	(750,500)	0
		<u>87,969,833</u>	<u>88,720,333</u>
	<b>TOTAL ASSET REVALUATION RESERVES</b>	<u>102,483,954</u>	<u>103,234,454</u>

AASB 107

The cash flow statement presents the generation and use of cash by category (operating, investing and finance) over a specific period of time. It provides the users with a basis to assess the entity's ability to generate and utilise its cash.

Investing activities are the acquisition and disposal of non-current assets and investments that are not cash equivalents. Financing activities are changes in the equity and borrowings. Operating activities are the entity's revenue-producing activities.

Entities may present their operating cash flows by using either the direct (gross cash receipts/payments by function) or the indirect method (adjusting net profit or loss for non-operating and non-cash transactions; and for changes in working capital).

#### Non Cash Transactions

AASB 107.43

Information about transactions and other events which do not result in cash flow during the reporting period but affect assets and liabilities that have been recognised are required to be disclosed where the transaction involved external parties and relate to the financing, investing and other non-operating activities of an entity.

Examples of non-cash financing and investing activities include:

- Assets acquired but not paid for at year-end;
- An exchange of non-cash assets or liabilities;
- Assets acquired for debt, obtaining an asset by finance lease.

These non-cash activities would usually be disclosed as an additional note to the Notes to the Cash Flow Statement.

#### Reconciliation of Cash

AASB 107.45

AASB 107 requires disclosure of the components of cash and cash equivalents and presents a reconciliation of the amounts in its cash flow statement with the equivalent items reported in the balance sheet.

#### Reconciliation of Net Cash by Operating Activities

AASB 107 Aus20(1)

When an entity uses the direct method, a reconciliation of cash flows arising from operating activities to profit or loss needs to be disclosed in the financial report.

There are a number of different formats that may be used for the reconciliation according to professional preference. Some formats are illustrated in AASB 107 Appendix A.

#### Additional Disclosure

AASB 107.50

Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include the amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities.

AASB 107      **14. NOTES TO THE STATEMENT OF CASH FLOWS**

AASB 107.45      **(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	201Y	201Y Budget	201X
	\$	\$	\$
Cash and Cash Equivalents	<u>6,781,850</u>	<u>4,334,166</u>	<u>6,005,702</u>

AASB 107.Aus  
20.1

**(b) Reconciliation of Net Cash  
Provided by Operating Activities  
to Net Result**

Net Result	2,731,496	4,633,273	3,231,182
Amortisation	0	0	0
Depreciation	6,907,407	7,100,000	7,435,789
Write-down in Fair Value of Investments	50,000	0	0
(Profit)/Loss on Disposal of Assets	54,277	(2,284,581)	(52,533)
(Increase)/Decrease in Receivables	(130,847)	358,927	113,270
(Increase)/Decrease in Inventories	(65,461)	(5,364)	(5,414)
Increase/(Decrease) in Payables	259,498	167,697	(140,133)
Increase/(Decrease) in Employee Provisions	(289,554)	66,945	75,363
Grants/Contributions for the Development of Assets	<u>(3,494,037)</u>	<u>(5,856,328)</u>	<u>(4,933,510)</u>
<b>Net Cash from Operating Activities</b>	<u>6,022,779</u>	<u>4,180,569</u>	<u>5,724,014</u>

AASB 107.50

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

Bank Overdraft limit	400,000	400,000	400,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	31,000	24,000	31,000
Credit Card Balance at Balance Date	<u>(8,212)</u>	<u>0</u>	<u>(10,464)</u>
<b>Total Amount of Credit Unused</b>	<u>422,788</u>	<u>424,000</u>	<u>420,536</u>

**Loan Facilities**

Loan Facilities - Current	83,612	64,886
Loan Facilities - Non-Current	<u>2,358,215</u>	<u>419,894</u>
<b>Total Facilities in Use at Balance Date</b>	<u>2,441,827</u>	<u>484,780</u>

**Unused Loan Facilities  
at Balance Date**

	<u>0</u>	<u>0</u>
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## Note 15

### Commentary – Contingent Liabilities and Contingent Assets

#### Contingent liability

AASB 137

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

#### Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity.

#### Not to be recognised in financial report

AASB 137.27 and .31

An entity shall not recognise a contingent liability or a contingent asset in the financial report.

#### Disclosure Contingent liabilities

Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:

- an estimate of its financial effect, measured under paragraphs 36 – 52 of AASB 137;
- an indication of the uncertainties relating to the amount or timing of any outflow; and
- the possibility of any reimbursement.

## Note 16

### Commentary – Capital and Lease Commitments

#### Finance Lease

AASB 117.31(b)

An entity (lessee) needs to make the following disclosures for finance leases:

- A reconciliation between the total of future minimum lease payments at the reporting date, and their present value.

In addition, an entity shall disclose the total of future minimum lease payments at the reporting date, and their present value, for each of the following periods:

- (i) not later than one year;
- (ii) later than one year and not later than five years;
- (iii) later than five years.

#### Operating Lease

AASB 117.35(a)

An entity as the lessee needs to make the following disclosure regarding operating lease:

- the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
  - (i) not later than one year;
  - (ii) later than one year and not later than five years;
  - (iii) later than five years.

#### Capital Commitments

AASB 101 Aus138(6)

An entity shall disclose the nature and amount of each individual and each class of capital commitments.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**TOWN OF EAGLE BAY**  
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AASB 137

**15. CONTINGENT LIABILITIES**

Council has been named as a defendant in a number of actions for undisclosed damages arising from the flooding of residential properties adjacent to a public road. Advice provided by Council's solicitors indicate the likelihood of a judgement against Council is remote. The amount of the claim is \$80,000 excluding legal costs. Council is insured for all except the first \$10,000 of any successful claim.

AASB 117.31(b)

**16. CAPITAL AND LEASING COMMITMENTS**  
**(a) Finance Lease Commitments**

**201Y**                      **201X**  
**\$**                                      **\$**

Payable:			
- not later than one year	5,000		5,000
- later than one year but not later than five years	22,000		22,000
- later than five years	<u>25,000</u>		<u>30,000</u>
Minimum Lease Payments	52,000		57,000
Less: Future Finance Charges	<u>(15,800)</u>		<u>(17,500)</u>
Total Lease Liability	<u><u>36,200</u></u>		<u><u>39,500</u></u>

AASB 117.35(a)

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:			
- not later than one year	96,171		126,313
- later than one year but not later than five years	50,537		89,339
- later than five years	<u>0</u>		<u>0</u>
	<u><u>146,708</u></u>		<u><u>215,652</u></u>

AASB 101.Aus  
138.6

**(c) Capital Expenditure Commitments**

Contracted for:			
- capital expenditure projects	750,500		0
- plant & equipment purchases	0		0
Payable:			
- not later than one year	750,000		0

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre.

**Note 17****Commentary – Joint Venture**

Joint control is defined as the contractually agreed sharing of control of an economic activity.

A venturer should account for its investment based on the type of joint venture: jointly controlled operations, jointly controlled assets, or jointly controlled entities.

**Jointly controlled operations**

The operation of some joint ventures involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.

The joint venture activities may be carried out by the venturer's employees alongside the venturer's similar activities. The joint venture agreement usually provides a means by which the revenue from the sale of the joint product and any expenses incurred in common are shared among the venturers.

In respect of its interests in jointly controlled operations, a venturer shall recognise in its financial statements:

- (a) the assets that it controls and the liabilities that it incurs; and
- (b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

**Note 18****Commentary – Trust Funds****Trust fund information**

"

FMR r. 37

In relation to the trust fund, the annual financial report is to include, separately for each class of trust, a statement of —

- (c) the amounts brought forward on 1 July;
- (d) the amounts received during the financial year;
- (e) the purpose for which the money was held or received;
- (f) the amounts paid out during the financial year; and
- (g) the closing balance at 30 June. "

**Note 19****Commentary – Total Assets by Function and Activity**

AASB 1052.11

A local government is to disclose by way of note the nature and objectives of that function/activity and the carrying amount of assets that are reliably attributable to that function/activity. Assets include all assets not just fixed asset.

FMR Schedule 1

The model statements provide an example in Schedule 1 of the *Local Government Financial Management Regulations 1996*.