

Appendix 9.1

LANDSCAPING WORKS STATUS

Landscape Works	FYE 2019 Budget	Detailed Design	City of Wanneroo Approval	Proposed Construction Commencement	Proposed Completion	Comments
Catalina Beach Landscaping Works (C) Entry Statements	\$1,000,000	Complete	Issued	October 2018	November 2018	The detailed design of the Entry Statement is complete and the works are out for pricing. Works anticipated to commence end of October 2018.
Catalina Beach Landscaping Works (E) Sales Office Car Park		Complete	Issued	October 2018	November 2018	Works anticipated to commence end of October 2018.
Neerabup Road Verges (Phase 2)	\$1,350,000	Complete	Issued	July 2018	September 2018	Works completed 21 September 2018.
Biodiversity Conservation Area (South)	\$331,325	Complete	Issued	July 2018	November 2018	Path construction was completed in July 2018. Minor revegetation, pest control works and installation of interpretive signage anticipated to be complete in November 2018.
Biodiversity Conservation Area (North)	\$128,000	Complete	Issued	July 2018	November 2018	Minor revegetation, pest control works and installation of interpretive signage anticipated to be complete in November 2018.
Stage 11 POS (Phase 2)	\$750,000	Under Review	Issued (Subject to Review)	May 2019	August 2019	Phase 2 design review to be completed by end of November 2018.

Catalina Beach Landscape Works – POS 25



Aviator Boulevard Entrance Upgrades



Neerabup Phase 2



Catalina Beach Sales Office – 8 October 2018



Appendix 9.2

TAMALA PARK REGIONAL COUNCIL
MONTHLY STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018

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**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018**

	NOTE	31 August 2018 Actual \$	31 August 2018 Y-T-D Budget \$	2018/19 Adopted Budget \$	Variences Budget to Actual Y-T-D %
<u>Operating</u>					
Revenues	1,2				
Interest Earnings		200,331	208,126	1,040,633	(3.75%)
Other Revenue		673	1,000	2,000	0.00%
		201,004	209,126	1,042,633	(3.88%)
Expenses	1,2				
Employee Costs		(94,116)	(118,229)	(725,924)	(20.40%)
Materials and Contracts Other		(22,807)	(67,425)	(404,895)	(66.17%)
Depreciation		0		(25,381)	0.00%
Utilities		0	(1,075)	(6,450)	0.00%
Insurance		(8,823)	(6,941)	(13,880)	27.11%
Other Expenditure		(41,509)	(45,723)	(186,390)	(9.22%)
		(167,255)	(239,393)	(1,362,920)	(30.13%)
<u>Adjustments for Non-Cash (Revenue) and Expenditure</u>					
Depreciation on Assets		0	0	25,381	0.00%
Profit/(loss) on Disposal of Assets		0	0	(1,760)	0.00%
<u>Capital Revenue and (Expenditure)</u>					
Plant and Equipment	3	0	0	(82,000)	0.00%
Proceeds on disposal		0	0	45,000	0.00%
LESS MEMBERS EQUITY					
Payment for Rates Equivalent					0.00%
Development of Land for Resale					
Income Sale of Lots - Subdivision		2,479,233	1,201,400	14,405,835	106.36%
Other Income - Sale of Apartments		0		0	0.00%
Income other - Subdivision		0	1,400,000	1,950,000	100.00%
Development Costs - Subdivision		(511,669)	(1,527,275)	(21,277,191)	(66.50%)
Development Costs of Apartments		0	0	0	0.00%
Contribution Refund		0	0	(209,337)	0.00%
Profit Distributions		(110,528)	0	(4,000,000)	0.00%
Contribution Returned		0	0	0	0.00%
Members equity - GST withheld		(16,940)	0	0	0.00%
Change in Contributed Equity	6	1,840,096	1,074,125	(9,130,693)	71.31%
Net Current Assets July 1 B/Fwd	7	43,807,751	43,807,751	43,807,751	0.00%
Net Current Assets Year to Date	7	45,681,596	44,851,609	34,345,152	

This statement is to be read in conjunction with the accompanying notes.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This statement comprises a special purpose financial report, prepared in accordance with applicable Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this statement presented below and have been consistently applied unless stated otherwise. They been prepared on on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of the financial report in conformity with Australian Accounting Standards require management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making judgements about the carrying value of assets and liabilities that are 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 this statement. 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. The Council does not hold any monies in trust.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except for where the amount of GST incurred is not receivable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivable or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Trade and Other Receivables

Trade Receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade receivables is viewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is object evidence that they will not be collectible.

(h) Inventories

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed to the buyer at this point. 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.

(i) Fixed Assets

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 by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

Computer Equipment	4 years
Printers, Photocopiers and Scanners	5 years
Furniture and Equipment	4 to 10 years
Floor coverings	8 years
Phones and Faxes	6 to 7 years
Plant and Equipment	5 to 15 years
Infrastructure	30 to 50 years

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(l) 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:

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

The provision for employees' benefits to 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.

(ii) Annual Leave and 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. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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. 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.

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 balance sheet date.

Borrowing Costs

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.

(n) 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.

(o) 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 operational cycle. In the case of liabilities where 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 Council's intentions to release for sale.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018**

2. STATEMENT OF OBJECTIVE

The Regional Council has a specific regional purpose which is:

- a) To undertake, in accordance with the objectives, the rezoning, subdivision, development marketing and sale of land comprising the developable portion of Lot 118 Mindarie (now Lot 9504); and
- b) To carry out and do all other acts and things which are reasonably necessary for the bringing into effect of the matters referred to in paragraph a).

The objectives of the Regional Council are:

- 1. To develop and improve the value of the land;
- 2. To maximise, and with prudent risk parameters, the financial return to the Participants;
- 3. To balance economic, social and environmental issues; and
- 4. To produce a quality development demonstrating the best urban design and development practice.

3. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

	31 August 2018 Actual \$	Adopted 2018/19 Budget \$
<u>By Program</u>		
Other Property and Services		
Furniture and equipment	0	16,000
Motor Vehicle	0	66,000
	0	82,000
<u>By Class</u>		
Plant and Equipment	0	82,000
	0	82,000

4. DISPOSALS OF ASSETS

There following asset is budgeted to be disposed during the financial year ended.

<u>Plant and Equipment</u>		
Cost	0	65,015
Accumulated Depreciation	0	(18,255)
Profit/(Loss)	0	(1,760)
Proceeds	0	45,000

TAMALA PARK REGIONAL COUNCIL
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FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018

5. INFORMATION ON BORROWINGS

No borrowings have been undertaken in the period under review. No borrowings are budgeted during the 2018-19 financial year.

6. CONTRIBUTED EQUITY

	31 August 2018 Actual \$	30 June 2018 Actual \$
Town of Victoria Park	3,816,383	3,660,229
City of Perth	3,816,383	3,660,229
Town of Cambridge	3,816,383	3,660,229
City of Joondalup	7,632,766	7,320,458
City of Wanneroo	7,632,766	7,320,458
Town of Vincent	3,816,383	3,660,229
City of Stirling	15,265,529	14,640,914
TOTAL	45,796,591	43,922,746
Total Movement in equity	1,873,845	

Movement in Contributed Equity Represented by:

	GST Withheld 31 August 2018 \$	Development Expenses 31 August 2018 \$	Land Sales 31 August 2018 \$	Return of Contribution 31 August 2018 \$	Rates Equivalent 31 August 2018 \$
Town of Victoria Park		(42,639)	206,603	(9,211)	0
City of Perth		(42,639)	206,603	(9,211)	0
Town of Cambridge		(42,639)	206,603	(9,211)	0
City of Joondalup		(85,278)	413,205	(18,421)	0
City of Wanneroo		(85,278)	413,205	(18,421)	0
Town of Vincent		(42,639)	206,603	(9,211)	0
City of Stirling		(170,557)	826,411	(36,842)	0
Members Equity (GST Withheld)	(16,940)	0	0	0	0
	(16,940)	(511,669)	2,479,233	(110,528)	0
Members Contributed Equity Movements		1,840,096			
TPRC Net Result		33,749			
Total Movement in equity		1,873,845			

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 AUGUST 2018

7. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position	31 August 2018 Actual \$	Brought Forward 1-Jul \$
CURRENT ASSETS		
Cash - Unrestricted	45,879,110	43,846,407
Receivables	216,205	251,049
Settlement Bonds	900	400
	46,096,215	44,097,856
LESS: CURRENT LIABILITIES		
Payables and Provisions	(414,619)	(290,105)
	45,681,596	43,807,751

8. RATING INFORMATION

The Regional Council does not levy rates on property.

9. TRUST FUNDS

The Regional Council does not hold any funds in trust on behalf of third parties.

TAMALA PARK REGIONAL COUNCIL
MONTHLY STATEMENT OF FINANCIAL ACTIVITY
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**TAMALA PARK REGIONAL COUNCIL
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<u>Operating</u>	NOTE	31 July 2018 Actual \$	31 July 2018 Y-T-D Budget \$	2018/19 Adopted Budget \$	Variances Budget to Actual Y-T-D %
Revenues	1,2				
Interest Earnings		229,346	104,063	1,040,633	120.39%
Other Revenue		673	1,000	2,000	0.00%
		230,019	105,063	1,042,633	118.93%
Expenses	1,2				
Employee Costs		(36,833)	(59,112)	(725,924)	(37.69%)
Materials and Contracts Other		(4,862)	(33,682)	(404,895)	(85.56%)
Depreciation		0		(25,381)	0.00%
Utilities		0		(6,450)	0.00%
Insurance		(8,823)	(6,940)	(13,880)	27.13%
Other Expenditure		(31)	(875)	(186,390)	(96.46%)
		(50,549)	(100,609)	(1,362,920)	(49.76%)
Adjustments for Non-Cash (Revenue) and Expenditure					
Depreciation on Assets		0	0	25,381	0.00%
Profit/(loss) on Disposal of Assets		0	0	(1,760)	0.00%
Capital Revenue and (Expenditure)					
Plant and Equipment	3	0	0	(82,000)	0.00%
Proceeds on disposal		0	0	45,000	0.00%
LESS MEMBERS EQUITY					
Payment for Rates Equivalent					0.00%
Development of Land for Resale					
Income Sale of Lots - Subdivision		295,332	305,000	14,405,835	(3.17%)
Other Income - Sale of Apartments		0		0	0.00%
Income other - Subdivision		0	1,400,000	1,950,000	100.00%
Development Costs - Subdivision		(9,360)	(1,070,875)	(21,277,191)	(99.13%)
Development Costs of Apartments		0	0	0	0.00%
Contribution Refund		0	0	(209,337)	0.00%
Profit Distributions		(110,528)	0	(4,000,000)	0.00%
Contribution Returned		0	0	0	0.00%
Change in Contributed Equity	6	175,444	634,125	(9,130,693)	(72.33%)
Net Current Assets July 1 B/Fwd	7	43,807,752	43,807,751	43,807,751	0.00%
Net Current Assets Year to Date	7	44,162,666	44,446,330	34,345,152	

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(c) Rounding Off Figures

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(d) Rates, Grants, Donations and Other Contributions

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(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except for where the amount of GST incurred is not receivable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivable or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Cash and Cash Equivalents

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TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JULY 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Trade and Other Receivables

Trade Receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade receivables is viewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is object evidence that they will not be collectible.

(h) Inventories

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed to the buyer at this point. 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.

(i) Fixed Assets

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 by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JULY 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

Computer Equipment	4 years
Printers, Photocopiers and Scanners	5 years
Furniture and Equipment	4 to 10 years
Floor coverings	8 years
Phones and Faxes	6 to 7 years
Plant and Equipment	5 to 15 years
Infrastructure	30 to 50 years

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(l) 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:

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

The provision for employees' benefits to 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.

(ii) Annual Leave and 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. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JULY 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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. 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.

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 balance sheet date.

Borrowing Costs

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.

(n) 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.

(o) 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 operational cycle. In the case of liabilities where 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 Council's intentions to release for sale.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JULY 2018**

2. STATEMENT OF OBJECTIVE

The Regional Council has a specific regional purpose which is:

- a) To undertake, in accordance with the objectives, the rezoning, subdivision, development marketing and sale of land comprising the developable portion of Lot 118 Mindarie (now Lot 9504); and
- b) To carry out and do all other acts and things which are reasonably necessary for the bringing into effect of the matters referred to in paragraph a).

The objectives of the Regional Council are:

- 1. To develop and improve the value of the land;
- 2. To maximise, and with prudent risk parameters, the financial return to the Participants;
- 3. To balance economic, social and environmental issues; and
- 4. To produce a quality development demonstrating the best urban design and development practice.

3. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

	31 July 2018 Actual \$	Adopted 2018/19 Budget \$
<u>By Program</u>		
Other Property and Services		
Furniture and equipment	0	16,000
Motor Vehicle	0	66,000
	0	82,000
<u>By Class</u>		
Plant and Equipment	0	82,000
	0	82,000

4. DISPOSALS OF ASSETS

There following asset is budgeted to be disposed during the financial year ended.

<u>Plant and Equipment</u>		
Cost	0	65,015
Accumulated Depreciation	0	(18,255)
Profit/(Loss)	0	(1,760)
Proceeds	0	45,000

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JULY 2018

5. INFORMATION ON BORROWINGS

No borrowings have been undertaken in the period under review. No borrowings are budgeted during the 2018-19 financial year.

6. CONTRIBUTED EQUITY

	31 July 2018 Actual \$	30 June 2018 Actual \$
Town of Victoria Park	3,689,805	3,660,229
City of Perth	3,689,805	3,660,229
Town of Cambridge	3,689,805	3,660,229
City of Joondalup	7,379,610	7,320,458
City of Wanneroo	7,379,610	7,320,458
Town of Vincent	3,689,805	3,660,229
City of Stirling	14,759,219	14,640,914
TOTAL	44,277,660	43,922,746
Total Movement in equity	354,914	

Movement in Contributed Equity Represented by:

	Development Expenses 31 July 2018 \$	Land Sales 31 July 2018 \$	Return of Contribution 31 July 2018 \$	Rates Equivalent 31 July 2018 \$
Town of Victoria Park	(780)	24,611	(9,211)	
City of Perth	(780)	24,611	(9,211)	
Town of Cambridge	(780)	24,611	(9,211)	
City of Joondalup	(1,560)	49,222	(18,421)	
City of Wanneroo	(1,560)	49,222	(18,421)	
Town of Vincent	(780)	24,611	(9,211)	
City of Stirling	(3,120)	98,444	(36,842)	
	(9,360)	295,332	(110,528)	0
Members Contributed Equity Movements	175,444			
TPRC Net Result	179,470			
Total Movement in equity	354,914			

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JULY 2018

7. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position	31 July 2018 Actual \$	Brought Forward 1-Jul \$
CURRENT ASSETS		
Cash - Unrestricted	44,153,772	43,846,407
Receivables	276,553	251,049
Settlement Bonds	900	400
	44,431,225	44,097,856
LESS: CURRENT LIABILITIES		
Payables and Provisions	(268,559)	(290,104)
	44,162,666	43,807,752

8. RATING INFORMATION

The Regional Council does not levy rates on property.

9. TRUST FUNDS

The Regional Council does not hold any funds in trust on behalf of third parties.

Appendix 9.3

**Tamala Park Regional Council
Summary Payment List
August 2018**

Date	Name	Description	Amount
2/08/2018	Employee costs	Wages for period 19/07/18 - 01/08/18	-11,176.66
2/08/2018	Australian Super	Superannuation for period 19/07/18 - 01/08/18	-595.46
2/08/2018	National Australia Bank	Superannuation for period 19/07/18 - 01/08/18	-1,141.77
2/08/2018	Action Couriers	Courier charges for period 10/07/18 - 22/07/18	-25.60
2/08/2018	Arias, T	Reimbursement of parking expenses	-10.10
2/08/2018	Bankwest	Preparation of Audit Certificate for FYE 2018	-60.00
2/08/2018	Butler Settineri	Interim audit for FYE 2018 - Part 2	-3,779.11
2/08/2018	City of Stirling	GST owing June 2018	-3,296.91
2/08/2018	Docushred	Security Bin	-51.70
2/08/2018	Kyocera Mita	Printing charges (July 2018)	-62.04
2/08/2018	LD Total	Infill Planting Area 4 (April 2018)	-64,338.20
2/08/2018	Neverfail	Water bottles x 2	-28.25
2/08/2018	Signs & Lines	Flag Rotations	-501.60
2/08/2018	The Thirst Aid Stop	Environment Day soup lunch	-400.00
2/08/2018	Timbar Taps	Winter Warmer bar & beverage	-700.00
2/08/2018	Town of Victoria Park	GST owing June 2018	-824.00
2/08/2018	Telstra	Mobile phone charges for period 14/07/18 - 13/08/18	-88.75
2/08/2018	Water Corporation	Sales Office 2 & Sales Office 3	-1,045.09
2/08/2018	G Bhabra Investment Trust	Lot 171 (22nd instalment over a 5 year period)	-2,887.50
6/08/2018	Steel Test Pty Ltd	Lot 169 (22nd instalment over a 5 year period)	-2,887.50
13/08/2018	D'Rozario, Antonia	Lot 168 (22nd instalment over a 5 year period)	-3,281.25
14/08/2018	Westpac Bank	Payment of credit card charges (CEO & EA) - July 2018	-3,312.43
16/08/2018	Employee costs	Wages for period 02/08/18 - 15/08/18	-11,176.66
16/08/2018	Australian Taxation Office	IAS (July 2018)	-14,220.00
16/08/2018	Australian Super	Superannuation for period 02/08/18 - 15/08/18	-595.46
16/08/2018	National Australia Bank	Superannuation for period 02/08/18 - 15/08/18	-1,141.77
16/08/2018	Bray, Darren	Solar Panel Rebate - Lot 887	-2,000.00
16/08/2018	City of Vincent	GST owing June 2018	-824.23
16/08/2018	City of Wanneroo	2018/19 Rates x 50	-76,570.57
16/08/2018	Cossill & Webley	Engineering Services	-2,568.77
16/08/2018	KC Australia	Shopper Tote Bags	-272.25
16/08/2018	LD Total	Area 4 Infill Planting (June 2018)	-13,854.79
16/08/2018	Mackay Urban Design	Stage 16 Design Guidelines	-5,720.00
16/08/2018	Marketforce	Statutory Advertising	-652.29
16/08/2018	Moore Stephens	Accounting services (June 2018)	-2,601.50
16/08/2018	Neverfail	Bottled Water	-43.00
16/08/2018	New Great Cleaning Service	Cleaning of TPRC offices (July 2018)	-143.00
16/08/2018	Perth Party Hire	Furniture Hire (June 2018)	-1,690.00
16/08/2018	Plan E	Landscape Architect Retainer Fee (June 2018)	-7,315.00
16/08/2018	Satterley Property Group	Community Development Services (June 2018)	-8,474.40
16/08/2018	Stantons International	Probity Advisory Services (July 2018)	-85.25
16/08/2018	The Canuck Truck	Winter Warmer Catering	-745.00
16/08/2018	Tomlinson, Austin	Solar Panel Rebate - Lot 900	-2,000.00
16/08/2018	Treacy Fencing	Fencing Services	-17,899.53
16/08/2018	Synergy	Stage 25 POS power charges for period 26/05/18 - 26/07/18	-238.90
28/08/2018	Yang, Shan-Hao & Xiuying Che	Lot 172 (22nd instalment over a 5 year period)	-2,887.50
30/08/2018	Employee costs	Wages for period 16/08/18 - 29/08/18	-11,176.67
30/08/2018	Anderson, Claire	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Burgess Rawson	Valuation services	-605.00
30/08/2018	Butler Settineri	Final audit fee for FYE 2018	-1,760.00
30/08/2018	Caddy, Karen	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Chester, John	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	City of Stirling	Rent x 2 & July GST	-5,871.75
30/08/2018	Cole, Emma	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Dominic Carbone & Assoc.	Accounting services (July 2018)	-2,772.00
30/08/2018	Emerge Associates	Portofino Blvd Median (March 2018)	-591.25
30/08/2018	Ferrante, Joe	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Grantika, IPG & Riches, M	Solar Panel Rebate (Lot 985)	-2,000.00
30/08/2018	Hamilton-Prime, Christine	Alternate member attendance fee 20 April- 19 July 2018 (1 x meeting)	-236.00
30/08/2018	Hammond, Andrew	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Ideal Homes	Early Construction Rebate (Lot 931)	-8,000.00

30/08/2018	Italiano, Giovanni	Chairman allowance 20 April- 19 July 2018	-8,886.50
30/08/2018	Jones, Nige	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	LD Total	Landscaping services	-194,980.72
30/08/2018	Main Roads WA	Bus underpass (August 2017)	-46,787.88
30/08/2018	McLeods Barristers & Solicitors	Retainer for telephone advice (October 2018 - September 2019)	-4,400.00
30/08/2018	McMullen Nolan Group	Grove Tree Survey (July 2018)	-8,250.00
30/08/2018	Migdale, Suzanne	Alternate member attendance fee 20 April- 19 July 2018 (2 x meetings)	-472.00
30/08/2018	Plan E	Landscaping architect	-1,936.00
30/08/2018	R J Vincent & Co	Fence repair (Beach & Central)	-2,601.50
30/08/2018	Rare Pty Ltd	Sales Office Signage & Wayfinding (July 2018)	-4,779.63
30/08/2018	Sandri, Bianca	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Satterley Property Group	Community Development Services	-6,098.40
30/08/2018	Social Garden	Digital media services	-5,500.00
30/08/2018	Timmermanis, Andres	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Town of Victoria Park	GST owing July 2018	-222.00
30/08/2018	Treby, Brett	Deputy Chairman allowance 20 April 2018 - 19 July 2018	-3,855.25
30/08/2018	Synergy	Sales Office & 4 x POS	-699.05
30/08/2018	Telstra	Mobile phones for period 14/08/18 - 13/09/18	-88.00
30/08/2018	Fenn, Samantha	Elected member attendance fee 20 April 2018 - 19 July 2018	-2,613.75
30/08/2018	Australian Super	Superannuation for period 16/08/18 - 29/08/18	-595.46
30/08/2018	National Australia Bank	Superannuation for period 16/08/18 - 29/08/18	-1,141.77
31/08/2018	National Australia Bank	Bank charges NAB At-Call AC	-10.00
	Total		<u><u>-624,668.12</u></u>

**Tamala Park Regional Council
Summary Payment List
July 2018**

Date	Name	Description	Amount
5/07/2018	Employee costs	Wages for period 21/06/18 - 04/07/18	-11,176.66
5/07/2018	Australian Super	Superannuation for period 21/06/18 - 04/07/18	-595.46
5/07/2018	National Australia Bank	Superannuation for period 21/06/18 - 04/07/18	-1,141.77
5/07/2018	Action Couriers	Courier charges for period 11/06/18 - 24/06/18	-47.36
5/07/2018	Arias, T	Parking & petrol reimbursement	-116.60
5/07/2018	Dominic Carbone & Assoc.	Accounting services (June 2018)	-396.00
5/07/2018	EventPro Perth	Lighting & fire pits - community event 29/06/18	-1,182.50
5/07/2018	Green House Studios	Promotional material design	-1,183.87
5/07/2018	hyd20 Hydrology	Grove LWMS addendum	-818.40
5/07/2018	Imagesource	Printing x 2 events	-399.30
5/07/2018	Jones, Alan & Suzanne	Lot 174 (lease payment for period 26/06/18 - 25/09/18)	-3,850.00
5/07/2018	Kyocera Mita	Printing charges (June 2018)	-43.26
5/07/2018	LD Total	Landscaping services	-16,012.70
5/07/2018	Marketforce	Statutory advertising	-1,297.93
5/07/2018	Neverfail	Bottled water x 2	-28.25
5/07/2018	New Living Cleaning	Sales Office cleaning	-495.00
5/07/2018	Officeworks	Office supplies	-68.90
5/07/2018	Signs & Lines	Sales Office price list clip frame	-329.67
5/07/2018	UDIA (WA)	EnviroDevelopment application fees	-19,250.00
10/07/2018	Town of Cambridge	GST owing May 2018	-548.07
12/07/2018	Westpac Bank	Payment of credit card charges (CEO & EA) - July 2018	-412.11
19/07/2018	Employee costs	Wages for period 05/07/18 - 18/07/18	-11,176.66
19/07/2018	Australian Super	Superannuation for period 05/07/18 - 18/07/18	-595.46
19/07/2018	National Australia Bank	Superannuation for period 05/07/18 - 18/07/18	-1,141.77
19/07/2018	Action Couriers	Courier charges for period 26/06/18 - 08/07/18	-47.36
19/07/2018	Burgess Rawson	GST Valuations (June 2018)	-220.00
19/07/2018	City of Stirling	Recycling bin charge for period 01/07/18 - 30/06/19	-275.00
19/07/2018	Cleanaway Pty Ltd	Xmas mixer event bins	-180.40
19/07/2018	Cossill & Webley	Engineering services	-6,200.88
19/07/2018	LD Total	Landscaping services	-24,640.00
19/07/2018	LGIS Insurance Broking	Insurances	-5,106.20
19/07/2018	LGIS Liability	Liability insurance for period June 2018 - June 2019 (Instalment 1)	-1,529.80
19/07/2018	LGIS Property	Property insurance for period 30/06/18 - 30/06/19 (Instalment 1)	-3,292.49
19/07/2018	LGIS Workcare	Workers compensation insurance for period June 2018 - June 2019 (I	-4,950.00
19/07/2018	Moore Stephens	Accounting services (May 2018)	-2,062.50
19/07/2018	New Great Cleaning Service	Cleaning of TPRC offices (June 2018)	-143.00
19/07/2018	Plan E	Landscape architecture services	-8,379.80
19/07/2018	Rare Pty Ltd	Sales Office 3 briefing session	-1,304.16
19/07/2018	Sandhu, Pushpinder Singh	Solar Panel Rebate (Lot 822)	-2,000.00
19/07/2018	Signs & Lines	Bannermesh (June 2018)	-2,500.34
19/07/2018	Social Garden	Digital media services	-20,350.00
19/07/2018	Treacy Fencing	Fencing services	-5,782.81
19/07/2018	WALGA	WALGA Membership & Councils Connect Fee	-6,507.50
19/07/2018	Department of Transport	Registration for CEO vehicle for period 16/08/2018 to 15/02/2019	-211.65
19/07/2018	Australian Taxation Office	BAS for April - June 2018	-15,147.00
30/07/2018	City of Wanneroo	GST owing June 2018	-1,648.47
31/07/2018	City of Perth	GST owing June 2018	-824.23
31/07/2018	City of Joondalup	GST April - June 2018	-4,170.14
31/07/2018	National Australia Bank	Bank charges NAB At-Call AC	-10.00
Total			-189,791.43

Appendix 9.4



25 September 2018

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
PO Box 655
INNALOO WA 6918

Dear Tony

Catalina Financial Report for August 2018

Please find attached the Catalina Financial Report for August 2018. This report has been prepared on a cash basis and compares actual income and expenditure to the June 2018 approved budget for the period 1 August 2018 to 31 August 2018.

Residential settlement revenue for the financial year to 31 August 2018 is \$1.1m which is \$0.1m behind the approved 'June 2018' budget.

Sales for FYE2019 are \$1.0m unfavourable to budget due to 2 less residential lot sales for the year.

Overall FYE2019 expenditure is \$364k under budget per the approved 'June 2018' budget, with \$490k spent against a budget of \$855k. The main areas of variances are summarised below:

- o Lot Production is \$88k under budget, due to timing of bond payments
- o Landscaping is \$106k ahead of budget, due to timing of payments;
- o Infrastructure is \$61k under budget, due to timing of payments for indirect consultants;
- o Special Sites \$211k under budget due to timing of payments for construction of Western Cell Sales Office and Carpark.
- o P&L expenditure is \$110k under budget, noting the following variances:
 - o Marketing and Community Development \$61k under budget due to timing of campaigns and events;
 - o Contingency \$31k not required.
 - o \$18k Combined minor variances for other Overheads.

Please refer to the attached Cashflow Analysis for a more detailed analysis of actual to budget variances. Should you have any queries on this report, please do not hesitate to contact me.

Yours faithfully

Ross Carmichael
General Manager - Finance

Satterley Property Group Pty Ltd
Level 3, 27-31 Troode Street, West Perth WA 6005
PO Box 1346, West Perth WA 6872

T 08 9368 9000
F 08 9368 9003

ABN 38 009 054 979

Licensee: Satterley Property Group Pty Ltd. (Inc in WA). Licensed Real Estate Agent trading as Satterley Real Estate.

1.0 Management Accounts

1.1 KEY STATISTICS

1.1.1 RESIDENTIAL LOTS & DISTRIBUTIONS

	<u>Lots Produced (titles)</u>		<u>Sales</u>		<u>Settlements</u>		<u>Distributions</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Prior Years	966	966	901	901	886	886	71,000,000	71,000,000
Jul-2018	-	-	2	4	1	1	-	-
Aug-2018	-	-	4	4	3	3	-	-
Sep-2018	-	-	-	4	-	1	-	-
Sep Qtr	-	-	6	12	4	5	-	-
Oct-2018	-	-	-	4	-	9	-	-
Nov-2018	-	-	-	4	-	3	-	-
Dec-2018	-	-	-	3	-	4	-	2,000,000
Dec Qtr	-	-	-	11	-	16	-	2,000,000
Jan-2019	-	-	-	3	-	2	-	-
Feb-2019	-	38	-	4	-	3	-	-
Mar-2019	-	-	-	5	-	5	-	-
Mar Qtr	-	38	-	12	-	10	-	-
Apr-2019	-	-	-	5	-	5	-	-
May-2019	-	-	-	5	-	4	-	-
Jun-2019	-	-	-	5	-	4	-	2,000,000
Jun Qtr	-	-	-	15	-	13	-	2,000,000
PTD	966	966	907	905	890	887	71,000,000	71,000,000
Full 2018/19 Year	-	38	6	50	4	44	-	4,000,000
2019/20		45		60		48		5,000,000
2020/21		52		75		66		13,000,000

- The next distribution forecast for December 18.
- 3 residential lots settled in August comprising:

	<u>Lots</u>
Stage 18B	1
Stage 25	2

1.2 Sales & Settlements

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
Residential						
- Sales #	4	4	6	8	906	856
- Sales \$	1,189,000	1,320,703	1,688,000	2,651,906	234,703,500	218,810,406
- Sales \$/lot	297,250	330,176	281,333	331,488	259,055	255,620
- Settlements #	3	3	4	4	890	819
- Settlements \$	782,000	896,400	1,080,000	1,201,400	229,627,500	207,478,900
- Settlements \$/lot	260,667	298,800	270,000	300,350	258,008	253,332
Special Sites						
- Sales #	-	-	-	-	3	3
- Sales \$	-	-	-	-	3,295,000	3,295,000
- Sales \$/lot	-	-	-	-	1,098,333	1,098,333
- Settlements #	1	-	1	1	3	3
- Settlements \$	1,400,000	-	1,400,000	1,400,000	3,295,000	3,295,000
- Settlements \$/lot	1,400,000	-	1,400,000	1,400,000	1,098,333	1,098,333
Lots Under Contract						
- Unsettled sales #	17			1	Titled	
- Unsettled sales \$	5,076,000			16	971 incl. Spec sites	
- Unsettled sales \$/lot	298,588					

- The month of August achieved 4 residential sales and 3 settlements.
- The Stage 11 Local Centre also settled in August for \$1.4m.

CATALINA
FINANCE REPORT
AUGUST 2018

1.3 Cashflow - MTD Actuals to budget

	<u>MTD Act</u>	<u>MTD Bgt</u>	<u>Variance</u>
<i>Income</i>			
Settlement Revenue	782,000	896,400	(114,400)
Margin GST	(9,045)	(13,636)	4,591
Direct selling costs	(96,223)	(41,393)	(54,829)
Interest Income	10,945	-	10,945
Forfeited Deposits	-	-	-
Other Income	1,373,209	-	1,373,209
Rebate Allowance	(42,985)	(183,881)	140,896
	<u>2,017,901</u>	<u>657,489</u>	<u>1,360,412</u>
<i>Development costs</i>			
WAPC Land Acq.	-	-	-
Lot production	-	(162,889)	(162,889)
Landscaping	243,847	31,460	(212,387)
Consultants	12,700	44,950	32,250
Infrastructure	44,870	(0)	(44,870)
Sales office building	-	164,469	164,469
	<u>301,417</u>	<u>77,990</u>	<u>(223,427)</u>
<i>Overheads</i>			
Sales & marketing	10,394	41,167	30,773
Community Develop.	16,813	16,042	(772)
Administration	93,945	58,383	(35,561)
Finance/Contingency	-	17,824	17,824
	<u>121,152</u>	<u>133,415</u>	<u>12,263</u>
Net Cashflow	<u>1,595,332</u>	<u>446,084</u>	<u>1,149,249</u>

1.4 Cashflow - YTD Actuals to budget

	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Variance</u>
<i>Income</i>			
Settlement Revenue	1,080,000	1,201,400	(121,400)
Margin GST	(11,713)	(18,182)	6,469
Direct selling costs	(109,551)	(117,161)	7,610
Interest Income	10,945	-	10,945
Forfeited Deposits	-	-	-
Other Income	1,373,209	1,272,727	100,482
Rebate Allowance	(81,602)	(397,679)	316,077
	<u>2,261,288</u>	<u>1,941,106</u>	<u>320,183</u>
<i>Development costs</i>			
WAPC Land Acq.	-	-	-
Lot production	1,832	90,293	88,461
Landscaping	251,465	145,675	(105,790)
Consultants	30,944	139,868	108,924
Infrastructure	48,674	597	(48,077)
Sales office building	-	210,629	210,629
	<u>332,916</u>	<u>587,063</u>	<u>254,147</u>
<i>Overheads</i>			
Sales & marketing	33,682	82,333	48,651
Community Develop.	19,491	32,083	12,592
Administration	104,402	122,364	17,962
Finance/Contingency	-	30,972	30,972
	<u>157,575</u>	<u>267,752</u>	<u>110,177</u>
Net Cashflow	<u>1,770,797</u>	<u>1,086,291</u>	<u>684,506</u>

1.5 Bonds

	<u>Last Year</u>	<u>Last Month</u>	<u>This Month</u>
City of Wanneroo	263,132	263,132	263,132
	<u>263,132</u>	<u>263,132</u>	<u>263,132</u>

Bonds relate to stages 18B & 25 early clearances and are all expected to be returned within 12 months.

CATALINA
FINANCE REPORT
AUGUST 2018

2.0 PROFIT & LOSS

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>Var</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Var</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
- Revenue \$ (Stlmnts)	782,000	896,400	(114,400)	1,080,000	1,201,400	(121,400)	229,627,500	229,748,900
- Revenue \$/lot	260,667	298,800		270,000	300,350		258,008	280,524
- Selling & GST \$	81,368	91,689	10,321	115,886	123,322	7,436	21,102,879	21,110,315
- Selling & GST \$/lot	27,123	30,563		28,972	30,831		23,711	25,776
- Cost of sales \$	366,751	226,900	(139,851)	443,924	366,927	(76,997)	82,357,093	82,280,096
- Cost of sales \$/lot	122,250	75,633		110,981	91,732		92,536	100,464
- Gross profit \$	333,881	577,811	(243,930)	520,190	711,151	(190,961)	126,167,528	126,358,489
- Gross profit \$/lot	111,294	192,604		130,047	177,788		141,761	154,284
- Gross profit Mgn %	42.70%	64.46%		48.17%	59.19%		54.94%	55.00%
- Special Sites \$	799,660	-	799,660	799,660	818,374	(18,714)	2,114,938	2,133,652
- Other income \$	10,945	-	10,945	10,945	-	10,945	253,480	242,535
- Sales & Marketing \$	17,018	63,600	46,582	37,245	127,200	89,955	1,752,757	1,842,712
- Administration \$	98,233	71,627	(26,606)	111,919	143,254	31,335	3,094,887	3,126,222
- Finance \$	-	-	-	-	-	-	-	-
- Contingency \$	-	17,831	17,831	-	36,585	36,585	-	36,585
- Net profit \$	1,029,235	424,753	604,482	1,181,630	1,222,486	(40,856)	123,688,301	123,729,157
- Net profit \$/lot	343,078	141,584		295,408	305,621		138,976	151,073

- YTD Gross profit is \$191k unfavourable to budget due to lot mix.
- Special sites gross profit is \$818k unfavourable due to timing of stg 11 local centre.
- YTD Marketing costs are \$90k below budget due to seasonal requirements (spring campaign launched in week ending 14 September).

YEAR TO DATE VERSUS FULL YEAR BUDGET

	<u>YTD Act</u>	<u>FY19 Full Year Bgt</u>	<u>Var</u>
- Revenue \$ (Stlmnts)	1,080,000	14,405,834	(13,325,834)
- Revenue \$/lot	270,000	113,432	
- Selling & GST \$	115,886	1,485,937	1,370,051
- Selling & GST \$/lot	28,972	11,700	
- Cost of sales \$	443,924	4,583,187	4,139,263
- Cost of sales \$/lot	110,981	36,088	
- Gross profit \$	520,190	8,336,710	(7,816,520)
- Gross profit \$/lot	130,047	65,643	
- Gross profit Mgn %	48.17%	57.87%	
- Special Sites \$	799,660	406,256	393,404
- Other income \$	10,945	-	10,945
- Sales & Marketing \$	37,245	763,200	725,955
- Administration \$	111,919	869,382	757,463
- Finance \$	-	-	-
- Contingency \$	-	572,937	572,937
- Net profit \$	1,181,630	6,537,447	(5,355,817)
- Net profit \$/lot	295,408	51,476	

CATALINA
FINANCE REPORT
AUGUST 2018

2.1 GROSS PROFIT ANALYSIS

Actual

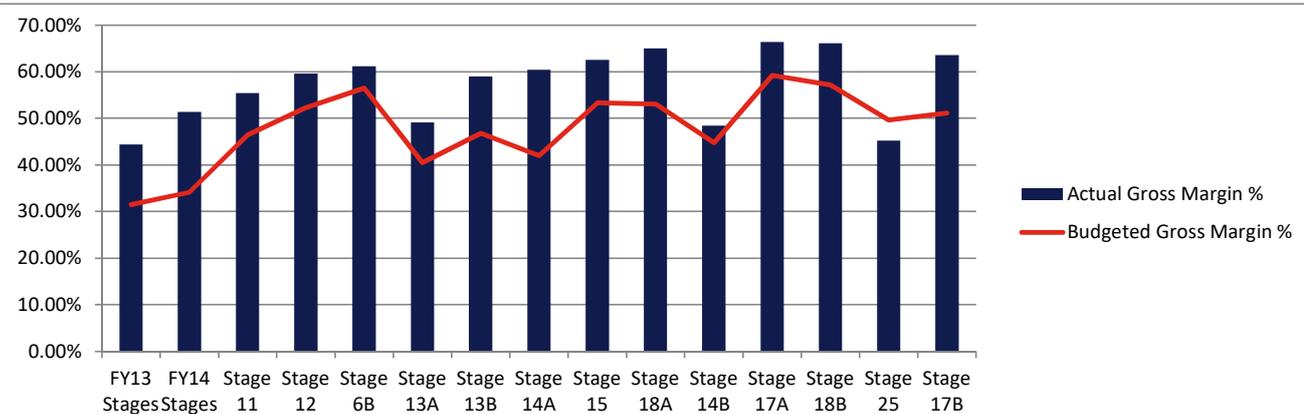
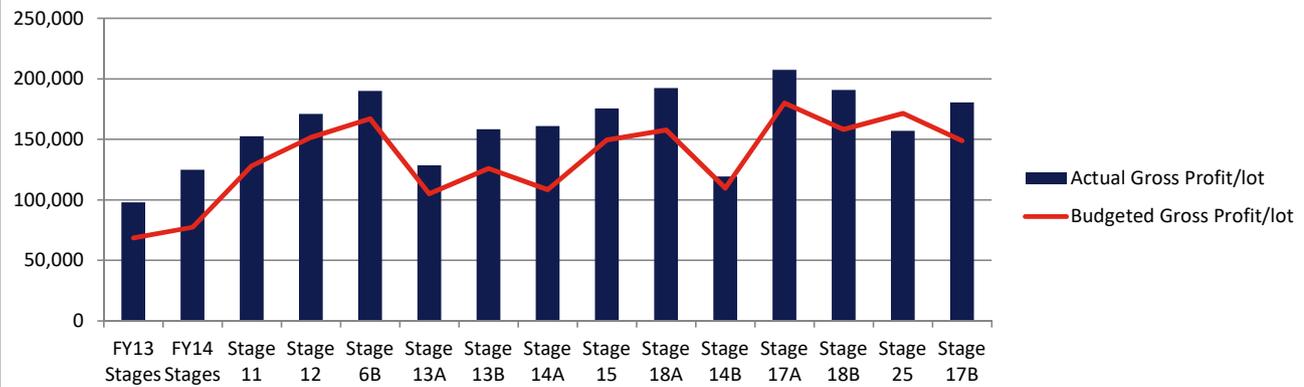
Stages	Title Issue Date	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)		Direct Costs/lot	Actual Gross	Actual Gross	Actual Gross
				GST)	Profit		Profit/lot	Margin %	
Incentives Writeback				-2,876,710			2,876,710		
FY13 Stages	2012 / 2013	51,375,500	220,496	28,570,159		122,619	22,805,341	97,877	44.39%
FY14 Stages	2013 / 2014	50,325,000	243,116	24,477,309		118,248	25,847,691	124,868	51.36%
Stage 11	1-Oct-14	17,611,000	275,172	7,850,538		122,665	9,760,462	152,507	55.42%
Stage 12	3-Dec-14	14,063,000	287,000	5,678,128		115,880	8,384,872	171,120	59.62%
Stage 6B	19-Jan-15	7,452,000	310,500	2,892,006		120,500	4,559,994	190,000	61.19%
Stage 13A	30-Mar-15	9,675,000	261,486	4,919,669		132,964	4,755,331	128,522	49.15%
Stage 13B	11-May-15	12,103,000	268,956	4,971,606		110,480	7,131,394	158,475	58.92%
Stage 14A	4-Jun-15	16,784,000	266,413	6,644,189		105,463	10,139,811	160,949	60.41%
Stage 15	15-Dec-15	15,444,000	280,800	5,791,567		105,301	9,652,433	175,499	62.50%
Stage 18A	27-May-16	8,291,000	296,107	2,902,173		103,649	5,388,827	192,458	65.00%
Stage 14B	28-Oct-16	2,219,000	246,556	1,144,525		127,169	1,074,475	119,386	48.42%
Stage 17A	20-Feb-17	6,878,000	312,636	2,316,480		105,295	4,561,520	207,342	66.32%
Stage 18B	13-Jun-17	5,777,000	288,850	1,959,664		97,983	3,817,336	190,867	66.08%
Stage 25	8-Aug-17	10,777,000	347,645	5,907,550		190,566	4,869,450	157,079	45.18%
Stage 17B	22-May-18	853,000	284,333	311,120		103,707	541,880	180,627	63.53%
		<u>229,627,500</u>		<u>103,459,971</u>			<u>126,167,529</u>		

- Values for actuals are based on 'settled lots only' for the relevant stages.

Budget

Stages	Budget Version	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)		Direct Costs/lot	Budgeted Gross	Budgeted Gross	Budgeted Gross
				GST)	Profit		Profit/lot	Margin %	
FY13 Stages	May-12	51,358,953	217,623	35,200,675		149,155	16,158,278	68,467	31.46%
FY 14 Stages	Jun-13	46,931,935	226,724	30,917,421		149,360	16,014,514	77,365	34.12%
Stage 11	Aug-14	17,645,281	275,708	9,444,658		147,573	8,200,623	128,135	46.47%
Stage 12	Aug-14	14,221,581	290,236	6,787,551		138,521	7,434,030	151,715	52.27%
Stage 6B	Aug-14	7,098,672	295,778	3,089,032		128,710	4,009,640	167,068	56.48%
Stage 13A	Aug-14	9,585,882	259,078	5,703,355		154,145	3,882,527	104,933	40.50%
Stage 13B	Aug-14	12,111,408	269,142	6,443,000		143,178	5,668,408	125,965	46.80%
Stage 14A	Aug-14	15,504,265	258,404	9,001,574		150,026	6,502,690	108,378	41.94%
Stage 15	Aug-15	15,433,000	280,600	7,203,599		130,975	8,229,401	149,625	53.32%
Stage 18A	Jun-16	8,626,000	297,448	4,048,854		139,616	4,577,146	157,833	53.06%
Stage 14B	Jun-16	2,448,087	244,809	1,352,232		135,223	1,095,855	109,585	44.76%
Stage 17A	Jun-16	9,427,756	304,121	3,845,430		124,046	5,582,326	180,075	59.21%
Stage 18B	Jun-16	8,584,690	276,925	3,677,414		118,626	4,907,276	158,299	57.16%
Stage 25	Aug-17	19,696,448	345,552	9,915,141		173,950	9,781,307	171,602	49.66%
Stage 17B	Dec-17	10,496,494	291,569	5,131,807		142,550	5,364,687	149,019	51.11%
		<u>249,170,452</u>		<u>141,761,744</u>			<u>107,408,709</u>		

- Values for budget are based on 'total lots' for the relevant stages.



Appendix 9.5

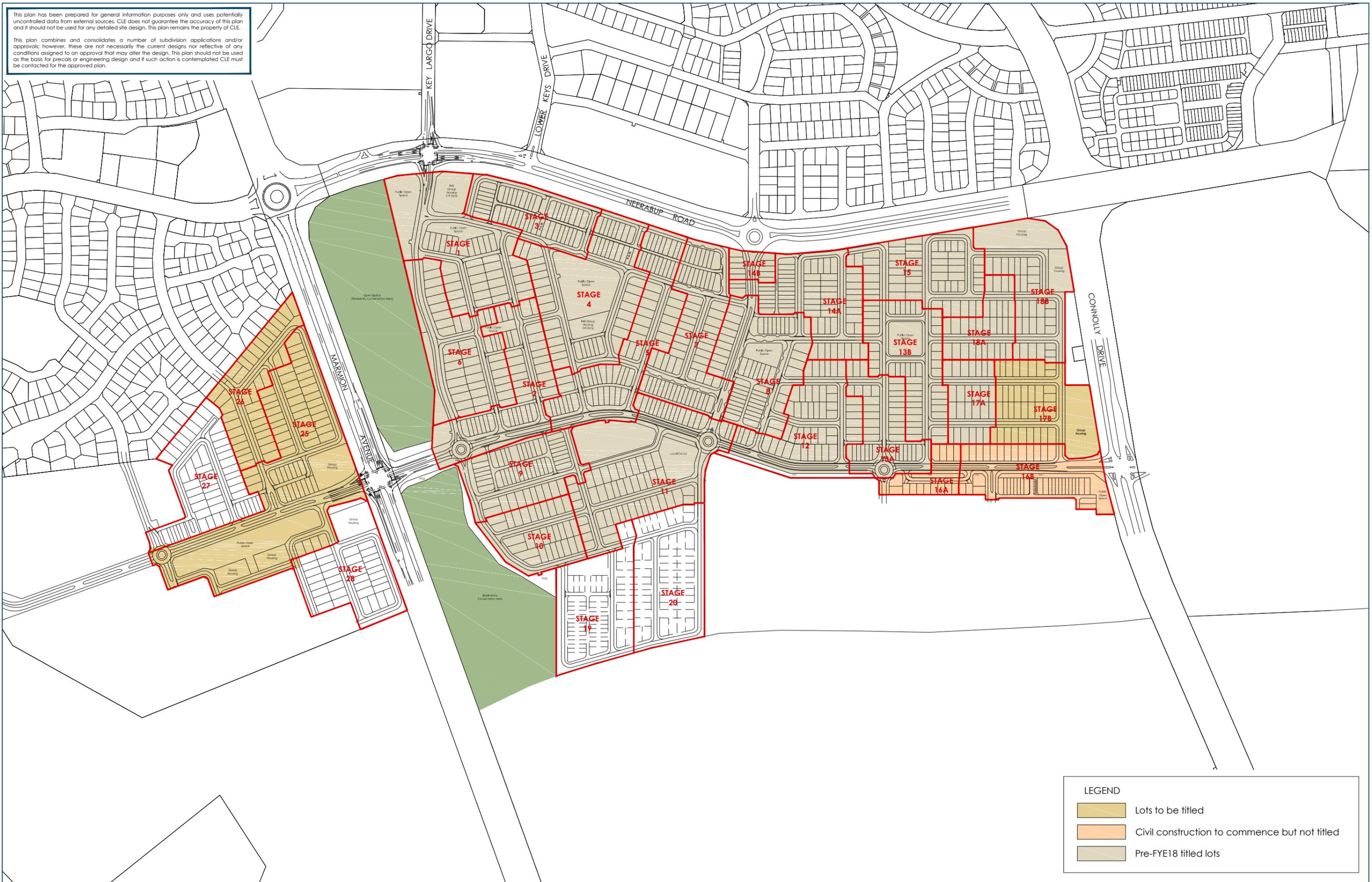
“AGED STOCK” – PERIOD ENDING 10 OCTOBER 2018

The following table provides a summary of lot sizing and commentary of current “Aged Stock” on hand. Aged Stock refers to lots that have been on the market for longer than 6 months in the Central Precinct and 12 months in the Beach Precinct.

Stage	Lot Number	Release Date	Price	M ²	Comment
14B	775	July 2016	\$245,000	299	Rear loaded lot fronting Roulettes Parade at the entrance to the estate.
17A	979	Oct-2016	\$335,000	450	Regular lot, 15m frontage
18B	869	Mar-2017	\$348,000	474	Opposite group housing site, Regular lot, 15m frontage
18B	873	Mar-2017	\$308,000	395	Opposite group housing site, 15m frontage
18B	879	Mar-2017	\$260,000	300	Regular lot, 10m frontage
18B	897	Mar-2017	\$308,000	393	Regular lot, 13.1m frontage
18B	898	Mar-2017	\$335,000	447	Regular lot, 15m frontage
18B	899	Mar-2017	\$260,000	291	Corner rear loader lot, opposite Connolly Drive, Quiet house design
18B	903	Mar-2017	\$335,000	447	Regular lot, 15m frontage
25	2098	May-2017	\$390,000	375	Regular lot, 12.5m frontage
25	2111	May-2017	\$425,000	450	Regular lot, 15m frontage
25	2112	May-2017	\$425,000	450	Regular lot, 15m frontage
25	2113	May-2017	\$425,000	450	Regular lot, 15m frontage
25	2115	May-2017	\$425,000	450	Regular lot, 15m frontage
25	2117	May-2017	\$380,000	375	Regular lot, 12.5m frontage
25	2118	May-2017	\$425,000	450	Regular lot, 15m frontage
25	2119	May-2017	\$425,000	450	Regular lot, 15m frontage
25	2120	May-2017	\$380,000	375	Regular lot, 12.5m frontage
17B	966	Nov-2017	\$278,000	333	Opposite group housing site, corner lot, 15m frontage
17B	967	Nov-2017	\$335,000	450	Regular lot, 15m frontage
17B	986	Nov-2017	\$298,000	375	Regular lot, 12.5m frontage
17B	988	Nov-2017	\$298,000	375	Regular lot, 12.5m frontage
17B	989	Nov-2017	\$298,000	375	Regular lot, 12.5m frontage
17B	991	Nov-2017	\$298,000	375	Regular lot, 12.5m frontage
17B	992	Nov-2017	\$298,000	375	Regular lot, 12.5m frontage
17B	993	Nov-2017	\$298,000	375	Regular lot, 12.5m frontage
17B	994	Nov-2017	\$329,000	445	Opposite group housing site, corner lot, 15m frontage

This plan has been prepared for general information purposes only and uses potentially uncontrolled data from external sources. CLE does not guarantee the accuracy of this plan and it should not be used for any detailed site design. This plan remains the property of CLE.

This plan combines and consolidates a number of subdivision applications and/or approvals; however, these are not necessarily the current designs nor reflective of any conditions assigned to an approval that may alter the design. This plan should not be used as the basis for precasts or engineering design and if such action is contemplated CLE must be contacted for the approved plan.



LEGEND

- Lots to be filled
- Civil construction to commence but not filled
- Pre-FYE18 filled lots

Appendix 9.6

TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

To create an urban centre for choice, sustainability, community and opportunity.

Principal place of business:
Tamala Park Regional Council
PO Box 655

INNALOO
WA 6918

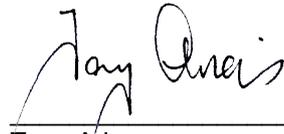
**TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Tamala Park Regional Council for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Tamala Park Regional Council at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 23rd day of August 2018



Tony Arias
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Interest earnings	2(a)	1,059,875	793,512	1,245,826
Other revenue		9,184	2,035	4,940
		<u>1,069,059</u>	<u>795,547</u>	<u>1,250,766</u>
Expenses				
Employee costs		(569,806)	(751,838)	(593,777)
Materials and contracts		(131,362)	(482,916)	(193,542)
Utility charges		0	(6,450)	0
Depreciation on non-current assets	8(b)	(20,153)	(21,212)	(17,942)
Insurance expenses		(10,894)	(10,469)	(10,227)
Other expenditure		(170,341)	(181,955)	(155,148)
		<u>(902,556)</u>	<u>(1,454,840)</u>	<u>(970,636)</u>
Total comprehensive income		<u>166,503</u>	<u>(659,293)</u>	<u>280,130</u>

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue	2(a)			
General purpose funding		1,059,875	793,512	1,245,826
Other property and services		9,184	2,035	4,940
		<u>1,069,059</u>	<u>795,547</u>	<u>1,250,766</u>
Expenses	2(b)			
Governance		(166,839)	(181,955)	(155,101)
Other property and services		(735,717)	(1,272,885)	(815,535)
		<u>(902,556)</u>	<u>(1,454,840)</u>	<u>(970,636)</u>
Total comprehensive income		<u>166,503</u>	<u>(659,293)</u>	<u>280,130</u>

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	43,846,407	39,213,368
Trade and other receivables	5	251,449	310,892
TOTAL CURRENT ASSETS		44,097,856	39,524,260
NON-CURRENT ASSETS			
Inventories	6	1,800,000	1,800,000
Property, plant and equipment	7	129,727	149,880
TOTAL NON-CURRENT ASSETS		1,929,727	1,949,880
TOTAL ASSETS		46,027,583	41,474,140
CURRENT LIABILITIES			
Trade and other payables	10	49,429	54,337
Provisions	12	240,675	223,745
TOTAL CURRENT LIABILITIES		290,104	278,082
NON-CURRENT LIABILITIES			
Provisions - Employee long service leave	12	5,150	2,597
TOTAL NON-CURRENT LIABILITIES		5,150	2,597
TOTAL LIABILITIES		295,254	280,679
NET ASSETS		45,732,329	41,193,461
EQUITY			
Retained surplus		1,803,230	1,636,727
Members contributed equity	4	43,922,746	39,550,381
Revaluation surplus	9	6,353	6,353
TOTAL EQUITY		45,732,329	41,193,461

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	CONTRIBUTED EQUITY	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		1,356,597	47,857,620	6,353	49,220,570
Comprehensive income					
Net result		280,130	0	0	280,130
Changes on revaluation of assets	9	0	0	0	0
Total comprehensive income		280,130	0	0	280,130
Members contributions	4	0	2,692,761	0	2,692,761
Return of contributions	4	0	(11,000,000)	0	(11,000,000)
Balance as at 30 June 2017		1,636,727	39,550,381	6,353	41,193,461
Comprehensive income					
Net result		166,503	0	0	166,503
Changes on revaluation of assets	9	0	0	0	0
Total comprehensive income		166,503	0	0	166,503
Members contributions	4	0	8,372,365	0	8,372,365
Return of contributions	4	0	(4,000,000)	0	(4,000,000)
Balance as at 30 June 2018		1,803,230	43,922,746	6,353	45,732,329

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Interest earnings		1,103,965	819,753	1,245,826
Goods and services tax		0	0	25,767
Other revenue		24,727	29,302	98,347
		1,128,692	849,055	1,369,940
Payments				
Employee costs		(550,056)	(751,839)	(543,306)
Materials and contracts		(136,537)	(493,920)	(214,592)
Utility charges		0	(6,450)	0
Insurance expenses		(10,894)	(10,469)	(10,227)
Goods and services tax		(190)	0	(25,558)
Other expenditure		(170,341)	(181,955)	(155,148)
		(868,018)	(1,444,633)	(948,831)
Net cash provided by (used in) operating activities	13	260,674	(595,578)	421,109
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		0	(26,250)	(79,181)
Proceeds from sale of fixed assets		0	0	42,727
Net cash provided by (used in) investment activities		0	(26,250)	(36,454)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of land		22,035,529	42,133,752	19,933,119
Payments for land development		(16,488,721)	(55,659,496)	(16,955,793)
Return of members contributions and rates equivalent		(1,174,443)	(4,268,725)	(11,284,565)
Net cash provided by (used in) financing activities		4,372,365	(17,794,469)	(8,307,239)
Net increase (decrease) in cash held		4,633,039	(18,416,297)	(7,922,584)
Cash at beginning of year		39,213,368	39,213,368	47,135,952
Cash and cash equivalents at the end of the year	13	43,846,407	20,797,071	39,213,368

This statement is to be read in conjunction with the accompanying notes.

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

NOTE	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)			
	39,246,178	39,260,668	47,345,854
	39,246,178	39,260,668	47,345,854
Revenue from operating activities (excluding rates)			
General purpose funding	1,059,875	793,512	1,245,826
Other property and services	9,184	2,035	4,940
	1,069,059	795,547	1,250,766
Expenditure from operating activities			
Governance	(166,839)	(181,955)	(155,101)
Other property and services	(735,717)	(1,272,885)	(815,535)
	(902,556)	(1,454,840)	(970,636)
Operating activities excluded			
Movement in employee benefit provisions (non-current)	2,553	0	(54,055)
Depreciation and amortisation on assets	20,153	21,212	17,942
Amount attributable to operating activities	39,435,387	38,622,587	47,589,871
INVESTING ACTIVITIES			
Proceeds from disposal of assets	0	0	42,727
Purchase of property, plant and equipment	0	0	(79,181)
Amount attributable to investing activities	0	0	(36,454)
FINANCING ACTIVITIES			
Proceeds from sale of member land	22,035,529	42,133,752	19,933,119
Land development expenses	(16,488,721)	(55,659,496)	(16,955,793)
Return of members contributions and rates equivalent	(1,174,443)	(4,268,725)	(11,284,565)
Amount attributable to financing activities	4,372,365	(17,794,469)	(8,307,239)
Surplus(deficiency) before general rates	43,807,752	20,828,118	39,246,178
Total amount raised from general rates	0	0	0
Net current assets at June 30 c/fwd - surplus/(deficit)	43,807,752	20,828,118	39,246,178

This statement is to be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Regional Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under roads

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

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.

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.

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 Regional Council.

2. REVENUE AND EXPENSES

(a) Revenue

Interest earnings
- Other funds

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
	1,059,875	793,512	1,245,826
	<u>1,059,875</u>	<u>793,512</u>	<u>1,245,826</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest

Interest revenue is recognised using the effective interest method.

3. CASH AND CASH EQUIVALENTS

NOTE	2018	2017
	\$	\$
Unrestricted	43,846,407	39,213,368
	43,846,407	39,213,368

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

4. MEMBERS CONTRIBUTED EQUITY

	2018 Actual Balance	2018 Budget	2017 Actual Balance
	\$	\$	\$
Town of Victoria Park			
Opening balance	3,295,632	3,295,632	3,987,901
Land development expenses	(1,374,060)	(4,638,291)	(1,412,982)
Proceeds of sale of land	1,836,294	3,511,146	1,661,093
Contributed equity	235,463	(22,394)	(23,714)
Return of contribution	(333,333)	(333,333)	(916,666)
	<u>3,659,996</u>	<u>1,812,760</u>	<u>3,295,632</u>
City of Perth			
Opening balance	3,295,632	3,295,632	3,987,901
Land development expenses	(1,374,060)	(4,638,291)	(1,412,982)
Proceeds of sale of land	1,836,294	3,511,146	1,661,093
Contributed equity	235,463	(22,394)	(23,714)
Return of contribution	(333,333)	(333,333)	(916,666)
	<u>3,659,996</u>	<u>1,812,760</u>	<u>3,295,632</u>
Town of Cambridge			
Opening balance	3,295,632	3,295,632	3,987,901
Land development expenses	(1,374,060)	(4,638,291)	(1,412,982)
Proceeds of sale of land	1,836,294	3,511,146	1,661,093
Contributed equity	235,463	(22,394)	(23,714)
Return of contribution	(333,333)	(333,333)	(916,666)
	<u>3,659,996</u>	<u>1,812,760</u>	<u>3,295,632</u>
City of Joondalup			
Opening balance	6,591,260	6,591,260	7,975,801
Land development expenses	(2,748,120)	(9,276,583)	(2,825,966)
Proceeds of sale of land	3,672,588	7,022,292	3,322,186
Contributed equity	470,926	(44,787)	(47,427)
Return of contribution	(666,667)	(666,667)	(1,833,334)
	<u>7,319,987</u>	<u>3,625,515</u>	<u>6,591,260</u>
City of Wanneroo			
Opening balance	6,591,260	6,591,260	7,975,801
Land development expenses	(2,748,120)	(9,276,583)	(2,825,966)
Proceeds of sale of land	3,672,588	7,022,292	3,322,186
Contributed equity	470,926	(44,787)	(47,427)
Return of contribution	(666,667)	(666,667)	(1,833,334)
	<u>7,319,987</u>	<u>3,625,515</u>	<u>6,591,260</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

4. MEMBERS CONTRIBUTED EQUITY(continued)

	2018 Actual Balance	2018 Budget	2017 Actual Balance
	\$	\$	\$
City of Vincent			
Opening balance	3,295,632	3,295,632	3,987,901
Land development expenses	(1,374,060)	(4,638,291)	(1,412,982)
Proceeds of sale of land	1,836,294	3,511,146	1,661,093
Contributed equity	235,463	(22,394)	(23,714)
Return of contribution	(333,333)	(333,333)	(916,666)
	<u>3,659,996</u>	<u>1,812,760</u>	<u>3,295,632</u>
City of Stirling			
Opening balance	13,185,333	13,185,333	15,954,414
Land development expenses	(5,496,241)	(18,553,166)	(5,651,933)
Proceeds of sale of land	7,345,177	14,044,584	6,644,375
Contributed equity	941,853	(89,575)	(94,855)
Return of contribution	(1,333,334)	(1,333,334)	(3,666,668)
	<u>14,642,788</u>	<u>7,253,842</u>	<u>13,185,333</u>
Total Members Contributions	<u>43,922,746</u>	<u>21,755,912</u>	<u>39,550,381</u>
Opening balance	39,550,381	39,550,381	47,857,620
Land development expenses	(16,488,721)	(55,659,496)	(16,955,793)
Proceeds of sale of land	22,035,529	42,133,752	19,933,119
Contributed equity	2,825,557	(268,725)	(284,565)
Return of contribution	(4,000,000)	(4,000,000)	(11,000,000)
	<u>43,922,746</u>	<u>21,755,912</u>	<u>39,550,381</u>

5. TRADE AND OTHER RECEIVABLES

Current

Sundry debtors
GST receivable
Accrued interest
Settlement bonds

2018	2017
\$	\$
116,124	127,267
2,774	2,584
132,151	176,241
400	4,800
251,449	310,892

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that 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.

Classification and subsequent measurement

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

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. INVENTORIES

Non-current

Land held for resale - cost
Cost of acquisition

2018	2017
\$	\$
1,800,000	1,800,000
<u>1,800,000</u>	<u>1,800,000</u>

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for sale (Continued)

Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Improvements to Leasehold Property at:		
- Management valuation 2016 - level 3	101,260	101,260
Less: accumulated depreciation	(27,695)	(22,156)
	73,565	79,104
Furniture and equipment at:		
- Management valuation 2016 - level 3	23,250	23,250
Less: accumulated depreciation	(13,849)	(8,997)
	9,401	14,253
Plant and equipment at:		
- At cost	65,016	65,016
Less: accumulated depreciation	(18,255)	(8,493)
	46,761	56,523
Total property, plant and equipment	129,727	149,880

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Improvements to Leasehold Property	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$
Balance at 1 July 2016	84,643	3,998	42,727	131,368
Additions	0	14,165	65,016	79,181
(Disposals)	0	0	(42,727)	(42,727)
Depreciation (expense)	(5,539)	(3,910)	(8,493)	(17,942)
Carrying amount at 30 June 2017	79,104	14,253	56,523	149,880
Depreciation (expense)	(5,539)	(4,852)	(9,762)	(20,153)
Carrying amount at 30 June 2018	73,565	9,401	46,761	129,727

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Improvements to Leasehold Property	Level 3	Management	Depreciated replacement cost	June 2016	Residual values and remaining useful life assessments.
Furniture and equipment	Level 3	Management	Observable open market value	June 2016	Residual values and remaining useful life assessments.
Plant and equipment	Level 3	Management	Observable open market value	June 2016	Market price per item

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using level 3 inputs.

FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, 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 by the Regional Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Regional Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

8. FIXED ASSETS

(a) Disposals of Assets

The Council did not dispose any any assets during the year ended 30 June 2018.

(b) Depreciation

	2018	2017
	\$	\$
Improvements to Leasehold Property	5,539	5,539
Furniture and equipment	4,852	3,910
Plant and equipment	9,762	8,493
	<u>20,153</u>	<u>17,942</u>

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) 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; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Improvements to leasehold property	8 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 12 years

Depreciation (Continued)

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 in the period in which they arise.

9. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Improvements to Leasehold Property	6,353	0	0	0	6,353	6,353	0	0	0	6,353
	6,353	0	0	0	6,353	6,353	0	0	0	6,353

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued salaries and wages
ATO liabilities
FBT Liabilities
Accrued Expenses

	2018	2017
	\$	\$
	13,423	21,211
	12,619	12,591
	14,427	14,188
	3,495	1,622
	5,465	4,725
	49,429	54,337

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Regional Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

11. INFORMATION ON BORROWINGS

Undrawn Borrowing Facilities

Credit Standby Arrangements

Credit card limit
Credit card balance at balance date
Total amount of credit unused

	2018	2017
	\$	\$
	6,000	6,000
	(299)	(1,741)
	5,701	4,259

12. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision
Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
141,415	141,415	82,330	223,745
0	0	2,597	2,597
	141,415	84,927	226,342
5,184	5,184	14,299	19,483
	146,599	99,226	245,825
146,599	146,599	94,076	240,675
0	0	5,150	5,150
	146,599	99,226	245,825

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

Provisions are recognised when the Regional Council has a present legal or constructive obligation, as a result of past events for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

13. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash 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:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	43,846,407	20,797,071	39,213,368
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	166,503	(659,293)	280,130
Non-cash flows in Net result:			
Depreciation	20,153	21,212	17,942
Changes in assets and liabilities:			
(Increase)/decrease in receivables	59,443	62,584	93,616
Increase/(decrease) in payables	(4,908)	(20,081)	(18,838)
Increase/(decrease) in provisions	19,483	0	48,259
Net cash from operating activities	260,674	(595,578)	421,109

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Other property and services	129,727	149,880
Unallocated	45,897,856	41,324,260
	46,027,583	41,474,140

15. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

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

	2018	2017
	\$	\$
Payable:		
- not later than one year	35,000	35,000
- later than one year but not later than five years	105,000	140,000
	140,000	175,000

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Regional Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

16. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and the Chairman.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	131,395	136,004	127,778
Chairman's allowance	19,864	20,361	19,815
Deputy Chair's allowance	4,966	5,090	4,954
	<u>156,225</u>	<u>161,455</u>	<u>152,547</u>

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Regional Council during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	426,474	424,827
Post-employment benefits	34,500	39,047
Other long-term benefits	10,312	39,600
	<u>471,286</u>	<u>503,474</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Regional Council superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Transactions during the year:		
Rent paid	38,986	38,666
Land development expenses	(16,488,721)	(16,955,793)
Proceeds of sale of land	22,035,529	19,933,119
Amounts outstanding from related parties:		
Trade and other receivables	116,124	127,267
Amounts payable to related parties:		
Trade and other payables	12,961	18,317

Related Parties

Transactions during the year - refer to Note 4

The Regional Council's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Regional Council

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

17. NET CURRENT ASSETS

Composition of net current assets

	2018 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	43,807,752	39,246,178	39,246,178
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	43,846,407	39,213,368	39,213,368
Sundry debtors	116,124	127,267	127,267
GST receivable	2,774	2,584	2,584
Accrued interest	132,151	176,241	176,241
Settlement bonds	400	4,800	4,800
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(13,423)	(21,211)	(21,211)
Accrued salaries and wages	(12,619)	(12,591)	(12,591)
ATO liabilities	(14,427)	(14,188)	(14,188)
FBT Liabilities	(3,495)	(1,622)	(1,622)
Accrued Expenses	(5,465)	(4,725)	(4,725)
Provisions			
Provision for annual leave	(146,599)	(141,415)	(141,415)
Provision for long service leave	(94,076)	(82,330)	(82,330)
Unadjusted net current assets	43,807,752	39,246,178	39,246,178
Adjusted net current assets - surplus/(deficit)	43,807,752	39,246,178	39,246,178

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

18. FINANCIAL RISK MANAGEMENT

The Regional Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Regional Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Regional Council.

The Regional Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Regional Council.

The Regional Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	43,846,407	39,213,368	43,846,407	39,213,368
Receivables	251,449	310,892	251,449	310,892
	<u>44,097,856</u>	<u>39,524,260</u>	<u>44,097,856</u>	<u>39,524,260</u>
Financial liabilities				
Payables	49,429	54,337	49,429	54,337
	<u>49,429</u>	<u>54,337</u>	<u>49,429</u>	<u>54,337</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

18. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Regional Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. The Regional Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Regional Council.

The Regional Council manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*.

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	441,776	392,134
- Statement of Comprehensive Income	441,776	392,134

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements.

18. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Regional Council's major receivables comprise interest, goods and services tax and general de
The major risk associated with these receivables is credit risk – the risk that the debts may not
be repaid. The Regional Council manages this risk by monitoring outstanding debt and employing de
recovery policies.

The level of outstanding receivables is reported to Council monthly and benchmarks are set
and monitored for acceptable collection performance.

The Regional Council makes suitable provision for doubtful receivables as required and carries out
credit checks on debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Regional Council's credit risk at balance date was:

	2018	2017
Percentage of other receivables		
- Current	41.25%	43.31%
- Overdue	6.19%	0.00%

18. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Regional Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Regional Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	49,429	0	0	49,429	49,429
	49,429	0	0	49,429	49,429
2017					
Payables	54,337	0	0	54,337	54,337
	54,337	0	0	54,337	54,337

19. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Regional Council.

Management's assessment of the new and amended pronouncements that are relevant to the Regional Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Regional Council, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend on the nature of future transactions the Regional Council has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Regional Council, the impact is not expected to be significant.</p>

Notes:
(1) Applicable to reporting periods commencing on or after the given date.

19. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Regional Council's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standar

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

20. ACTIVITIES/PROGRAMS

Tamala Park Regional Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GENERAL PURPOSE FUNDING	To collect interest on investments.	Interest revenue.
OTHER PROPERTY AND SERVICES	To monitor and control Council's overheads on operating accounts.	Other unclassified activities.

21. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) 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 Regional Council's operational cycle. In the case of liabilities where the Regional 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 sale where it is held as non-current based on the Regional Council's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

When the Regional Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) 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.

f) Superannuation

The Regional Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Regional Council contributes are defined contribution plans.

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Regional Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Regional Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Regional Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the Regional Council's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	152.01	142.13	244.29
Asset consumption ratio	0.68	0.79	0.66
Asset renewal funding ratio	1.83	1.99	1.57
Asset sustainability ratio	0.00	1.60	0.08
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.16	0.23	0.35
Own source revenue coverage ratio	1.17	1.28	1.56

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Appendix 9.7

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMALA PARK REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of Tamala Park Regional Council (Council), which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of Tamala Park Regional Council is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Council's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Regional Council in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Emphasis of Matter – Ratio Information

Without modifying our opinion, we draw attention to Note 22 Financial Ratios, which describes the Asset Consumption Ratio and the Asset Renewal Funding Ratio. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

Other Information

Council is responsible for the other information. The other information comprises the information in the Regional Council's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Council's Responsibility for the Financial Report

Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Council did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

In accordance with the Local Government (audit) Regulations 1996, we also report that:

- a) Apart from the asset sustainability ratio there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Regional Council.
- b) The Council substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 23 August 2018

MVDM : CL
TAMA01

23 August 2018

Mr T Arias
Chief Executive Officer
Tamala Park Regional Council
PO Box 655
INNALOO WA 6918

Dear Tony

TAMALA PARK REGIONAL COUNCIL

We wish to advise that we have recently completed the audit of the above mentioned Council for the year ended 30 June 2018.

The Australian Auditing and Assurance Standards Board encourages auditors to issue a management letter on completion of each audit as a means of advising the Council of any matters noted during the course of the audit.

Our audit involves the review of only those systems and controls adopted by the Council upon which we wish to rely for the purposes of determining our audit procedures. Furthermore, our audit should not be relied upon to disclose defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the procedures we undertake. While we have considered the control environment in accordance with Australian Auditing Standards, we have not tested controls and hence do not comment on whether systems and controls are operating effectively.

We advise that we have not encountered any other matters during the course of our audit that we believe should be brought to your attention other than the following:

Segregation of duties

We appreciate that due to the nature and size of the entity, management overseas all the functions within the entity, however there is an inherent risk of lack of segregation of duties within the general financial administrative process and we recommend that this should be continually considered by the management in designing compensating controls.

We acknowledge that management have implemented compensating controls in the form of independent accountants performing the monthly accounting function and preparing the annual financial report as well as monthly reconciliations of major revenue, GST and investment transactions reviewed by an external consultant.

Provision for Annual Leave

We noted the CEO has accrued more than eight weeks of leave and although the CEO has taken leave during the year we still like to bring this to Council's attention to ensure that employees are encouraged to utilise their leave entitlements.

We wish to thank the staff of Tamala Park Regional Council for their assistance during the audit.

Should you have any questions please do not hesitate to contact me.

Yours sincerely
BUTLER SETTINERI (AUDIT) PTY LTD

A handwritten signature in black ink, appearing to read 'Marius Van der Merwe', written in a cursive style.

MARIUS VAN DER MERWE CA
Director

Appendix 9.8

POLICY MANUAL

Financial Management – Significant Accounting Policies (September 2018)

POLICY

Objective

To adopt Full Accrual Accounting and all other applicable Accounting Standards.

Local Government Reference

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- Australian Accounting Standards

Significant Accounting Policies

The significant accounting policies which have been adopted by Council in the preparation of the financial report are:

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities [and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations](#)), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of

POLICY MANUAL

Financial Management – Significant Accounting Policies (September 2018)

assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Local Government Reporting Entity

All Funds through which the Regional 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.

Australian Accounting Standards – Inconsistency Land under roads

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

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.

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.

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 Regional Council.

2. REVENUE AND EXPENSES

Interest

Interest revenue is recognised using the effective interest method.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily

POLICY MANUAL

Financial Management – Significant Accounting Policies (September 2018)

convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short-term borrowings in current liabilities in the statement of financial position.

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ~~ratepayers~~ third parties for ~~unpaid rates~~ goods sold and ~~service charges and other~~ amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that 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.

Classification and subsequent measurement

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

~~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 and any reduction for impairment; and~~
- ~~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.~~

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

(i) Financial assets at fair value through profit and loss

~~Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking. Such assets are subsequently~~

POLICY MANUAL

Financial Management – Significant Accounting Policies (September 2018)

~~measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.~~

~~*(ii) Loans and receivables*~~

~~Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.~~

~~Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.~~

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

~~Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Regional Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.~~

~~Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.~~

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

~~Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.~~

~~They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.~~

~~Available for sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.~~

~~*(v) Financial liabilities*~~

~~Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.~~

POLICY MANUAL

Financial Management – Significant Accounting Policies (September 2018)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in Profit or Loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

5. INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit and loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Regional Council's intentions to release for sale.

6. PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

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

Fair Value Measurements

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

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During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using level 3 inputs.

7. FIXED ASSETS

Each class of fixed assets within either property, plant and equipment ~~or infrastructure~~ is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

~~Mandatory Requirement to Revalue Non-Current Assets~~

~~Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.~~

~~During the year ended 30 June 2013, the Regional Council commenced the process of adopting Fair Value in accordance with the Regulations.~~

~~Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.~~

~~Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Regional Council revalues its asset classes in accordance with this mandatory timetable.~~

~~Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.~~

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, 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 by the Regional Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are

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~~carried~~recognised at cost ~~less accumulated depreciation~~ and disclosed as being at fair value as management believes ~~this cost~~ approximates fair value. They ~~will be~~ subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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 recognised against revaluation surplus directly in equity. All other decreases are recognised ~~as~~in profit or loss.

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Regional Council was required to include as an asset (by June 30 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Disposal of Assets

The Regional Council did not dispose of any assets during the year ended 30 June 2018.

Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

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- a) 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; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Computer equipment	4 years
Improvements to leasehold property	8 years
Printers, photocopiers and scanners	5 Years
Floor Coverings	8 Years
Phones and Faxes	6 to 7 Years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 12 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 in the period in which they arise.

~~Capitalisation Threshold~~

~~Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.~~

8. TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Regional Council prior to the end of the financial year that are unpaid and arise when the Regional Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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9. PROVISIONS

Employee Benefits

Short-term employee benefits

Provision is made for the Regional Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 212 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

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

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

Borrowing Costs

~~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 until such time as the asset is substantially ready for its intended use or sale.~~

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Provisions

Provisions are recognised when the Regional Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

10. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash 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.

11. CAPITAL AND LEASING COMMITMENTS

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Regional Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Interests in Joint Arrangements

~~Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.~~

~~Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.~~

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~~Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. Tamala Park Regional Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.~~

~~**Rates, Grants, Donations and Other Contributions**~~

~~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.~~

~~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 in Note 2(b). 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 operations for the current reporting period.~~

12. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP)

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect of fees and benefits paid to elected members.

Post-employment benefits

These amounts are the current year's estimated cost of provided for the Regional Council superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

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No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

The Regional Council's main related parties are as follows:

- i. Key Management Personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Entities subject to significant influence by the Regional Council.*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statue or agreement.

13. FINANCIAL RISK MANAGEMENT

The Regional Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Regional Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Regional Council.

The Regional Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Regional Council.

Cash and cash equivalents

~~Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.~~

~~Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.~~

The Regional Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio.

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The Regional Council has an Investment Policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Regional Council.

The Regional Council manages these risks by diversifying its portfolio and only investing in investments authorised by the *Local Government (Financial Management) Regulation 19C*.

Receivables

The Regional Council's major receivables comprise interest, goods and services tax and general debtors. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Regional Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Regional Council makes suitable provision for doubtful receivables as required and carries out credit checks on debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Regional Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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14. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Regional Council.

Management's assessment of the new and amended pronouncements that are relevant to the Regional Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Regional Council, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018 <u>2019</u>	This Standard establishes principles for entities to apply to report useful information to users of

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(iii) AASB 16 Leases

February 2016

1 January
[2018](#)~~2019~~

financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The effect of this Standard will depend upon the nature of future transactions the Regional Council has with those third parties it has dealings with. It may or may not be significant.

Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be

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(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Regional Council, the impact is not expected to be significant.
[AASB 1 & AASB 11]			These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:
			<ul style="list-style-type: none"> • Assets received below fair value; • Transfers received to acquire or construct non-financial assets; • Grants received; • Prepaid rates; • Leases entered into at below market rates; and • Volunteer services.
			Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they

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will all have application to the Regional Council's operations.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i)	<p>AASB 2015-62016-4 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit <u>Public Sector</u> Entities</p>	<p><u>1 January</u> <u>2017</u></p>	<p>The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p>
(ii)	<p><u>[AASB10, 124 & 1049]AASB 2016-7 Amendments to Accounting</u></p>	<p><u>1 January</u> <u>2017</u></p>	<p>The Standard has had a significant disclosure impact on the financial report of the Regional Council as both Elected Members and Senior</p>



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Standards – Deferral of AASB 15 for
Not-for-Profit Entities

~~Management are deemed to be Key
Management Personnel and resultant
disclosures in accordance to AASB 124 have
been necessary.~~

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15. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) 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 Regional Council's operational cycle. In the case of liabilities where the Regional 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 sale where it is held as non-current based on the Regional Council's intentions to release for sale.

c) Rounding off figures

All figures shown in the annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian dollars.

d) Comparative figures

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

When the Regional Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

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e) 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.

f) Superannuation

The Regional Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Regional Council contributes are defined contribution plans.

g) Fair value of assets and liabilities

~~When performing a revaluation, the Regional Council uses a mix of both independent and management valuations using the following as a guide:~~

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

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

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

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

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Regional Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Regional Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Regional Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the

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assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

~~As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.~~

i) Impairment of assets

In accordance with Australian Accounting Standards the Regional Council's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating specialised assets such as roads, drains, public buildings and the like, ~~value in use is represented by the depreciated replacement cost of the asset~~no annual assessment is required. ~~Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.~~

This Financial Management – Significant Accounting Policies is authorised by the Chief Executive Officer on ~~12~~18 October ~~2017~~2018.

Signature:

Name: JOHN ANTHONY ARIAS

Date: ~~12~~18 October ~~2017~~2018

Appendix 9.9

3 October 2018

Mr Tony Arias
Chief Executive Office
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018

Via email: luke.aitken@tamalapark.wa.gov.au

Dear Mr Arias,

RE: CATALINA DISPLAY VILLAGE STRATEGY

The Tamala Park Regional Council meeting held on the 20th October 2016 approved the Catalina Display Village Strategy. As part of the approval of the Catalina Display Village Strategy, the Council resolved as follows

“(c) Lot 2094 and Lot 2137 being retained in Council ownership until the completion of the Sales Office function when both sites will be sold and REQUESTS the Satterley Property Group to undertake an annual review of the sale and lease back option to determine it reflects the best position for the TPRC.”

The land sales office currently under construction at Lot 2094 Portofino Promenade, Mindarie is due for completion in October 2018. The land sales office located within Catalina Beach is intended to service the requirements of the project including the three year approval for Display Village 3 and the lifecycle of Display Village 5 (being the second proposed display village within Catalina Beach). The car park required to service the display village and land sales office is yet to be construction (previously referred to as Lot 2137 however titled as Lot 9025).

Based on current market conditions, SPG maintains the previous recommendation to retain ownership of the house currently under construction on Lot 2094 and adjoining car park lot (future group housing site) located on Lot 2095 (formerly referred to as Lot 2137) for the following reasons:

- Sales within Catalina Beach have been slow. Introducing a completed home to the market would compete with vacant lots currently on offer.
- The annual costs associated with holding Lots 2094 and 2095 are less than rental values for the three storey dwelling / large car parking site.
- The market / demand for group housing sites is very low due to current economic climate. The group housing site would need to be offered at a discounted rate to attract a buyer. Holding the land until the market ripens is likely to improve the financial return to the TPRC.
- The approved budget does not forecast rents to be paid for lease back of the land sales office.
- The approved budget does not forecast income for 2094 and 2095 until June 2024 and December 2024 respectively.

- Should market conditions remain soft for a protracted period, the use of the land sales office in Catalina Beach may be extended beyond the currently envisaged timeframe. By retaining ownership, SPG have surety over the site.
- TPRC do not require capital to cash fund any portion of works currently.
- Lot 2095 will partially comprise entry statement signage to serve the duration of the project.

Below is a financial analysis supporting the retention of the house and adjoining carpark lot:

Option One: Retention – Sell Sales Office in June 2024 and Carpark in December 2024 as per Budget

Budgeted Sale Price Sales Office (land \$250,000 escalated 3% per annum from July 2019 to June 2024 ; no escalation on \$650,000 build)	\$940,404
Budgeted Sale Price Group Dwelling Site 4,574sqm (Carpark site) - sales rate of \$380/sqm (escalated 2% per annum from July 2019 to Dec 2024)	\$1,940,048
Estimated Holding Costs (opportunity cost loss of interest for 6 years at 2.7% as advised by TPRC)	\$427,375
Estimated Maintenance Costs for Sales Office landscaping (\$1,600 a month), utilities (\$400 a month) for 6 years	\$144,000
Estimated Fit out (garage, painting etc)	\$7,000
Estimated Overall Return	\$2,302,076

Option Two: Sell Sales Office and Carpark Late 2018 and Lease to December 2024

Current Sale Price Sales Office (no escalation for \$250,000 land and \$650,000 build)	\$900,000
Current Sale Price Group Dwelling Site 4,574 sqm (Carpark site) - sales rate of \$380/sqm	\$1,738,120
Rent for 6 years- assume \$800 per week for sales office based on market values and 7% of sales price for carpark per annum based on % achieved for Catalina Central.	\$979,610
Maintenance costs for sales office landscaping (\$1,600 a month), utilities (\$400 a month) for 6 years	\$144,000
Estimated Overall Return	\$1,514,510

Please note that the option of selling the sales office late 2018 at the budgeted price of \$900,000 would also result in a loss to TPRC, given the contracted build cost is \$625,000 (budget \$650,000), the fit-out cost is \$120,000 (inclusive of \$20,000 from the marketing budget), and the current land value is \$250,000. Further to this, we have reviewed current sales evidence for Mindarie and based on the rate per square metre for properties currently on the market, we believe that a more realistic sales price for the sales office would be in the order of \$750,000-\$800,000. The budgeted price of \$900,000 is based on a best-case scenario given the house is a unique 3 story product, and so selling now could result in an even higher loss for TPRC.

The above financial analysis strongly supports the recommendation of SPG for TPRC to retain ownership of the house and adjoining car park lot, given the overall return is estimated to be \$787,566 higher.

If you have any queries or require additional information, please do not hesitate to contact me at your convenience.

Kind Regards

Carl Buckley

PROJECT DIRECTOR

Catalina

BEACH

STAGE 25B



Release B	Previous Release
Future Display Village	Future Release

LEGEND

Brick Paving	Retaining Wall
Footpath	Reverse Wall
Access Restriction	Power Dome & Connection
Sewer Housing Connection/Manhole	Western Power Padmount Site
Drainage manhole	Street Light
Drainage Grate	Water Hydrant
Side Entry Pit	Water Valve
Lot Level	Water Connection
Road Level	Garage Location
Indicative Bushfire Attack Levels BAL 12.5	Future Grouped Housing Site

**For all enquiries, please contact
Dominique on 9368 9068**

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All Dimensions and Areas are subject to survey. The particulars of this plan are supplied for identification purposes only and shall not be taken as a representation in any aspect on the part of the vendor or its agents. Authorities should be consulted when services are contained within lot boundaries as building restrictions may apply. All retaining walls, services and associated easements are shown exaggerated for legibility. Trees are indicative only. MNG REF:- 96641sa-352c DATE: 24/10/2017 ©COPYRIGHT

Appendix 9.11

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Appendix 9.12

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