

TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Tamala Park Regional Council conducts the operations of a local government with the following community vision:

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

Principal place of business:
2/369 Scarborough Beach Road
Innaloo WA 6018

**TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the Tamala Park Regional Council for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Tamala Park Regional Council at 30 June 2022 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 on the 4th day of October 2022.



Chief Executive Officer

Chris Adams

Name of Chief Executive Officer



TAMALA PARK REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Interest earnings	2(a)	304,540	337,115	475,651
Other revenue		18,088	22,380	21,331
		322,628	359,495	496,982
Expenses				
Employee costs		(532,794)	(648,534)	(647,060)
Materials and contracts		(255,957)	(338,763)	(198,520)
Utility charges		0	(6,662)	0
Depreciation	10(a)	(44,821)	(31,227)	(54,672)
Finance costs	2(b)	(1,757)	(90)	(519)
Insurance		(17,090)	(16,874)	(12,915)
Other expenditure	2(b)	(157,340)	(171,005)	(157,092)
		(1,009,759)	(1,213,155)	(1,070,778)
		(687,131)	(853,660)	(573,796)
Profit on asset disposals	10(b)	0	5,312	1,224
Loss on asset disposals	10(b)	(1,744)	0	0
		(1,744)	5,312	1,224
Net result for the period	22(b)	(688,875)	(848,348)	(572,572)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(688,875)	(848,348)	(572,572)

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



**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	16,310,346	16,472,144
Trade and other receivables	6	595,395	182,340
Other financial assets	4(a)	36,145,694	37,009,692
Other assets	8	27,600	3,996
TOTAL CURRENT ASSETS		53,079,035	53,668,172
NON-CURRENT ASSETS			
Inventories	7	1,600,000	1,600,000
Property, plant and equipment	9	36,311	102,610
Right-of-use assets	11(a)	149,716	20,114
TOTAL NON-CURRENT ASSETS		1,786,027	1,722,724
TOTAL ASSETS		54,865,062	55,390,896
CURRENT LIABILITIES			
Trade and other payables	12	162,938	116,281
Lease liabilities	11(b)	31,760	20,878
Employee related provisions	13	21,788	283,214
TOTAL CURRENT LIABILITIES		216,486	420,373
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	119,156	0
Employee related provisions	13	13,527	1,231
TOTAL NON-CURRENT LIABILITIES		132,683	1,231
TOTAL LIABILITIES		349,169	421,604
NET ASSETS		54,515,893	54,969,292
EQUITY			
Retained surplus		388,917	1,077,792
Member contributions and equity	5	54,120,623	53,885,147
Revaluation surplus	14	6,353	6,353
TOTAL EQUITY		54,515,893	54,969,292

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



**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		1,650,364	45,243,183	6,353	46,899,900
Comprehensive income for the period					
Net result for the period		(572,572)	0	0	(572,572)
Total comprehensive income for the period		(572,572)	0	0	(572,572)
Movement in member contributions	5	0	8,641,964	0	8,641,964
Balance as at 30 June 2021		1,077,792	53,885,147	6,353	54,969,292
Comprehensive income for the period					
Net result for the period		(688,875)	0	0	(688,875)
Total comprehensive income for the period		(688,875)	0	0	(688,875)
Movement in member contributions	5	0	235,476	0	235,476
Balance as at 30 June 2022		388,917	54,120,623	6,353	54,515,893

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



**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Interest received		304,540	481,959	475,651
Goods and services tax received		35,715	9,492	33,963
Other revenue		18,088	22,380	21,331
		358,343	513,831	530,945
Payments				
Employee costs		(803,505)	(904,747)	(636,386)
Materials and contracts		(240,915)	(400,563)	(166,931)
Utility charges		0	(6,662)	0
Finance costs		(1,757)	(90)	(519)
Insurance paid		(17,090)	(16,874)	(12,915)
Goods and services tax paid		(6,971)	0	(6,365)
Other expenditure		(157,340)	(171,005)	(157,092)
		(1,227,578)	(1,499,941)	(980,208)
Net cash provided by (used in) operating activities	15(b)	(869,235)	(986,110)	(449,263)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	0	(5,000)	(62,191)
Proceeds from financial assets at amortised cost		863,998	20,009,692	(19,260,215)
Proceeds from sale of property, plant & equipment	10(b)	55,000	60,500	43,636
Net cash provided by (used in) investing activities		918,998	20,065,192	(19,278,770)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for principal portion of lease liabilities	23(a)	(34,830)	(20,878)	(34,542)
Payments for land development		(20,839,525)	(48,339,148)	(12,692,329)
Payments for member contributions		(9,625,879)	(10,280,000)	(8,712,115)
Proceeds from member contributions		30,288,673	34,575,138	29,913,393
Net cash provided by (used in) financing activities		(211,561)	(24,064,888)	8,474,407
Net increase (decrease) in cash held		(161,798)	(4,985,806)	(11,253,626)
Cash at beginning of year		16,472,144	16,472,144	27,725,770
Cash and cash equivalents at the end of the year	15(a)	16,310,346	11,486,338	16,472,144

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



**TAMALA PARK REGIONAL COUNCIL
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	53,268,677	53,268,677	45,207,121
OPERATING ACTIVITIES			
Revenue from operating activities (excluding general rate)			
Interest earnings	304,540	337,115	475,651
Other revenue	18,088	22,380	21,331
Profit on asset disposals	10(b) 0	5,312	1,224
	322,628	364,807	498,206
Expenditure from operating activities			
Employee costs	(532,794)	(648,534)	(647,060)
Materials and contracts	(255,957)	(338,763)	(198,520)
Utility charges	0	(6,662)	0
Depreciation	(44,821)	(31,227)	(54,672)
Finance costs	(1,757)	(90)	(519)
Insurance	(17,090)	(16,874)	(12,915)
Other expenditure	(157,340)	(171,005)	(157,092)
Loss on asset disposals	10(b) (1,744)	0	0
	(1,011,503)	(1,213,155)	(1,070,778)
Non-cash amounts excluded from operating activities			
Profit on asset disposals	0	(5,312)	(1,224)
Loss on disposal of assets	1,744	0	0
Depreciation	44,821	31,227	54,672
Employee benefit provisions	12,296	0	(8,187)
	58,861	25,915	45,261
Amount attributable to operating activities	(630,014)	(822,433)	(527,311)
INVESTING ACTIVITIES			
Proceeds from disposal of assets	10(b) 55,000	60,500	43,636
Purchase of property, plant and equipment	9(a) 0	(5,000)	(62,191)
Amount attributable to investing activities	55,000	55,500	(18,555)
FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities	23(a) (34,830)	(20,878)	(34,542)
Payments for land development as member contributions	5 (20,839,525)	(48,339,148)	(12,692,329)
Payments of member contributions and equity received	5 (9,213,672)	(10,280,000)	(8,579,100)
Proceeds from member contributions	5 30,288,673	34,575,138	29,913,393
Amount attributable to financing activities	200,646	(24,064,888)	8,607,422
Surplus/(deficit) before imposition of general rates	52,894,309	28,436,856	53,268,677
Total amount raised from general rates	0	0	0
Surplus/(deficit) after imposition of general rates	52,894,309	28,436,856	53,268,677
Net current assets used in the Rate Setting Statement			
Total current assets	53,079,035	28,518,338	53,668,172
Less: Total current liabilities	(216,486)	(81,482)	(420,373)
Less: Total adjustments to net current assets	11(b) 31,760	0	20,878
Net current assets used in the Rate Setting Statement	52,894,309	28,436,856	53,268,677

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



**TAMALA PARK REGIONAL COUNCIL
FOR THE YEAR ENDED 30 JUNE 2022
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**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, were applied where no inconsistencies exist.

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 financial 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.

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.

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Other revenue - interest earnings	Commissions on investments	Single point in time	Monthly in arrears	None	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers		
	Other	Total	
	\$	\$	\$
Interest earnings	0	304,540	304,540
Other revenue	0	18,088	18,088
Total	0	322,628	322,628

For the year ended 30 June 2021

Nature or type	Contracts with customers		
	Other	Total	
	\$	\$	\$
Interest earnings	0	475,651	475,651
Other revenue	0	21,331	21,331
Total	0	496,982	496,982

	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
(a) Revenue				
Interest earnings				
Interest on reserve funds		304,540	337,115	475,651
		304,540	337,115	475,651
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		27,000	30,000	27,000
		27,000	30,000	27,000
Finance costs				
Lease liabilities	23(a)	1,757	90	519
		1,757	90	519
Other expenditure				
Council member remuneration	18(a)	158,060	161,005	157,078
Sundry expenses		(720)	10,000	14
		157,340	171,005	157,092

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term deposits
Total cash and cash equivalents

Held as
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	10,227,737	1,177,362
	6,082,609	15,294,782
15(a)	16,310,346	16,472,144
15(a)	16,310,346	16,472,144
	16,310,346	16,472,144

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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits are presented as cash equivalents if they have a maturity of three months or less and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 15.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits
Treasury bonds

Held as
- Restricted other financial assets at amortised cost

	2022	2021
	\$	\$
	36,145,694	37,009,692
	36,145,694	37,009,692
	33,145,694	31,009,692
	3,000,000	6,000,000
	36,145,694	37,009,692
	36,145,694	37,009,692
	36,145,694	37,009,692

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Regional Council classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets relates to cash held on term deposits with maturity terms exceeding three months.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 19) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The Regional Council classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Regional Council has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 19.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. MEMBER CONTRIBUTIONS AND EQUITY

	Note	2022 Actual Balance \$	2022 Budget Balance \$	2021 Actual Balance \$
(a) Town of Victoria Park				
Opening balance		4,490,196	4,439,056	3,770,032
Land development expenses		(1,736,627)	(4,028,262)	(1,057,694)
Proceeds of sale of land		2,524,056	2,881,261	2,492,783
Contributed equity		65,527	(23,333)	35,075
Return of contribution		(833,334)	(833,333)	(750,000)
		4,509,818	2,435,389	4,490,196
(b) City of Perth				
Opening balance		4,490,196	4,439,056	3,770,032
Land development expenses		(1,736,627)	(4,028,262)	(1,057,694)
Proceeds of sale of land		2,524,056	2,881,261	2,492,783
Contributed equity		65,527	(23,333)	35,075
Return of contribution		(833,334)	(833,333)	(750,000)
		4,509,818	2,435,389	4,490,196
(c) Town of Cambridge				
Opening balance		4,490,196	4,439,056	3,770,032
Land development expenses		(1,736,627)	(4,028,262)	(1,057,694)
Proceeds of sale of land		2,524,056	2,881,261	2,492,783
Contributed equity		65,527	(23,333)	35,075
Return of contribution		(833,334)	(833,333)	(750,000)
		4,509,818	2,435,389	4,490,196
(d) City of Joondalup				
Opening balance		8,980,387	8,878,113	7,540,060
Land development expenses		(3,473,254)	(8,056,525)	(2,115,388)
Proceeds of sale of land		5,048,112	5,762,524	4,985,565
Contributed equity		131,055	(46,667)	70,150
Return of contribution		(1,666,666)	(1,666,667)	(1,500,000)
		9,019,634	4,870,778	8,980,387
(e) City of Wanneroo				
Opening balance		8,980,387	8,878,113	7,540,060
Land development expenses		(3,473,254)	(8,056,525)	(2,115,388)
Proceeds of sale of land		5,048,112	5,762,524	4,985,565
Contributed equity		131,055	(46,667)	70,150
Return of contribution		(1,666,666)	(1,666,667)	(1,500,000)
		9,019,634	4,870,778	8,980,387
(f) City of Vincent				
Opening balance		4,490,196	4,439,056	3,770,032
Land development expenses		(1,736,627)	(4,028,262)	(1,057,694)
Proceeds of sale of land		2,524,056	2,881,261	2,492,783
Contributed equity		65,527	(23,333)	35,075
Return of contribution		(833,334)	(833,333)	(750,000)
		4,509,818	2,435,389	4,490,196
(g) City of Stirling				
Opening balance		17,963,589	17,756,226	15,082,935
Land development expenses		(6,946,509)	(16,113,050)	(4,230,777)
Proceeds of sale of land		10,096,225	11,525,046	9,971,131
Contributed equity		262,110	(93,334)	140,300
Return of contribution		(3,333,332)	(3,333,334)	(3,000,000)
		18,042,083	9,741,554	17,963,589
Total members contribution		54,120,623	29,224,666	53,885,147
Land development expenses		(20,839,525)	(48,339,148)	(12,692,329)
Proceeds of sale of land		30,288,673	34,575,138	29,913,393
Contributed equity		786,328	(280,000)	420,900
Return of contributions		(10,000,000)	(10,000,000)	(9,000,000)
Movement in member contributions		235,476	(24,044,010)	8,641,964
Opening balance		53,885,147	53,268,676	45,243,183
Movement in member contributions		235,476	(24,044,010)	8,641,964
		54,120,623	29,224,666	53,885,147

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

6. TRADE AND OTHER RECEIVABLES

Current

Trade and other receivables
GST receivable

Note	2022	2021
	\$	\$
	585,055	172,848
	10,340	9,492
	<u>595,395</u>	<u>182,340</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 19.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Regional Council measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

7. INVENTORIES

Non-current

Land held for sale

Note	2022	2021
	1,600,000	1,600,000
	<u>1,600,000</u>	<u>1,600,000</u>
	1,600,000	1,600,000
	<u>1,600,000</u>	<u>1,600,000</u>

The following movements in inventories occurred during the year:

Balance at beginning of year

Balance at end of year

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 resale

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)

Borrowing 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 onto 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.

**TAMALA PARK REGIONAL COUNCIL
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022**

8. OTHER ASSETS

	2022	2021
	\$	\$
Other assets - current		
Prepayments	0	2,996
Settlement bonds	27,600	1,000
	27,600	3,996

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments and settlement bonds which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Furniture and equipment \$	Plant and equipment \$	Improvements to leasehold property \$	Total property, plant and equipment \$
Balance at 1 July 2020		573	46,615	55,423	102,611
Additions		0	62,191	0	62,191
Disposals		0	(42,412)	0	(42,412)
Depreciation	10(a)	(573)	(9,650)	(9,557)	(19,780)
Balance at 30 June 2021		0	56,744	45,866	102,610
Comprises:					
Gross balance amount at 30 June 2021		6,569	62,191	76,442	145,202
Accumulated depreciation at 30 June 2021		(6,569)	(5,447)	(30,576)	(42,592)
Balance at 30 June 2021		0	56,744	45,866	102,610
Disposals		0	(56,744)	0	(56,744)
Depreciation	10(a)	0	0	(9,555)	(9,555)
Balance at 30 June 2022		0	0	36,311	36,311
Comprises:					
Gross balance amount at 30 June 2022		6,569	0	76,442	83,011
Accumulated depreciation at 30 June 2022		(6,569)	0	(40,131)	(46,700)
Balance at 30 June 2022		0	0	36,311	36,311

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Cost						
	Furniture and equipment		NA	At cost	June 2020	NA
	Plant and equipment		NA	At cost	June 2020	NA
	Improvements to leasehold property	Level 3	Management	Observable open market	June 2020	Residual values and remaining useful life assessments

**TAMALA PARK REGIONAL COUNCIL
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022**

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Furniture and equipment	9(a)	0	0	573
Plant and equipment	9(a)	0	1,556	9,650
Improvements to leasehold property	9(a)	9,555	9,557	9,557
Right-of-use assets - land and buildings	11(a)	35,266	20,114	34,892
		44,821	31,227	54,672

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Improvements to leasehold property	Based on the remaining lease term
Right of use (Buildings)	Based on the remaining lease term

TAMALA PARK REGIONAL COUNCIL
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	56,744	55,000	0	(1,744)	55,188	60,500	5,312	0	42,412	43,636	1,224	0
	56,744	55,000	0	(1,744)	55,188	60,500	5,312	0	42,412	43,636	1,224	0

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Other property and services				
Toyota Prado 1HDX278	56,744	55,000	0	(1,744)
	56,744	55,000	0	(1,744)

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within 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 for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

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.

Depreciation on revaluation

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

- (i) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Note	Right-of-use assets - land and buildings \$	Right-of-use assets Total \$
Balance at 1 July 2020		55,006	55,006
Depreciation		(34,892)	(34,892)
Balance at 30 June 2021		20,114	20,114
Additions		164,868	164,868
Depreciation	10(a)	(35,266)	(35,266)
Balance at 30 June 2022		149,716	149,716

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	(35,266)	(34,892)
Interest expense on lease liabilities	23(a)	(1,757)	(519)
Total amount recognised in the statement of comprehensive income		(37,023)	(35,411)
Total cash outflow from leases		(36,587)	(35,061)

(b) Lease Liabilities

Current		31,760	20,878
Non-current		119,156	0
	23(a)	150,916	20,878

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Regional Council assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined the Regional Council uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 23(a).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued payroll liabilities
ATO liabilities
Accrued expenses

	2022	2021
	\$	\$
	109,872	51,926
	1,644	19,874
	14,130	17,481
	37,292	27,000
	162,938	116,281

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Regional Council becomes a party to the contractual provisions of the instrument.

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2022	2021
	\$	\$
Current provisions		
Employee benefit provisions		
Annual Leave	21,788	160,651
Long Service Leave	0	122,563
	21,788	283,214
Non-current provisions		
Long Service Leave	13,527	1,231
	13,527	1,231
	35,315	284,445

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

	2022	2021
	\$	\$
Less than 12 months after the reporting date	19,101	238,732
More than 12 months from reporting date	16,214	45,713
	35,315	284,445

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Regional Council's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

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.

Other long-term employee benefits

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

The 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.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

14. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation (Decrement)	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Improvements to leasehold property	6,353	0	6,353	6,353	0	6,353
	6,353	0	6,353	6,353	0	6,353

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	16,310,346	11,486,338	16,472,144

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	16,310,346	0	16,472,144
- Financial assets at amortised cost	4	36,145,694	0	37,009,692
- Inventory	7	1,600,000	0	403,311
- Trade and other receivables		64,583	0	0
		<u>54,120,623</u>	<u>0</u>	<u>53,885,147</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted member contributions and equity

		54,120,623	0	53,885,147
Total restricted financial assets		<u>54,120,623</u>	<u>0</u>	<u>53,885,147</u>

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

Net result		(688,875)	(848,348)	(572,572)
Non-cash items:				
Depreciation/amortisation		44,821	31,227	54,672
(Profit)/loss on sale of asset		1,744	(5,312)	(1,224)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(848)	154,336	(7,295)
(Increase)/decrease in other assets		(23,604)	0	(3,996)
Increase/(decrease) in trade and other payables		46,657	(79,281)	73,207
Increase/(decrease) in employee related provisions		(249,130)	(238,732)	7,945
Net cash provided by/(used in) operating activities		<u>(869,235)</u>	<u>(986,110)</u>	<u>(449,263)</u>

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

Credit card limit		10,000		10,000
Credit card balance at balance date		(1,823)		(573)
Total amount of credit unused		<u>8,177</u>		<u>9,427</u>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

16. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the reporting period.

17. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects

	2022	2021
	\$	\$
	17,720,975	9,583,254
	17,720,975	9,583,254

The Regional Council has entered into capital commitments on behalf of it's members of \$17,720,975 at 30 June 2022 relating to land development.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

18. RELATED PARTY TRANSACTIONS

(a) Council Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
B Sandri - City of Stirling			
President's annual allowance	10,157	10,283	0
Meeting attendance fees	13,298	16,235	10,560
	23,455	26,518	10,560
S Migdale - City of Stirling			
Deputy President's annual allowance	2,539	2,571	0
Meeting attendance fees	10,626	10,824	10,560
	13,165	13,395	10,560
A Timmermanis - Town of Cambridge			
Deputy President's annual allowance	2,508	2,570	5,016
Meeting attendance fees	9,213	10,824	10,560
	11,721	13,394	15,576
J Chester - City of Joondalup			
Meeting attendance fees	10,626	10,824	10,560
	10,626	10,824	10,560
N Jones - City of Joondalup			
Meeting attendance fees	5,346	10,824	0
	5,346	10,824	0
B Fleeton - City of Perth			
Meeting attendance fees	10,626	10,824	5,280
	10,626	10,824	5,280
T Krsticevic - City of Stirling			
Meeting attendance fees	5,346	10,824	0
	5,346	10,824	0
K Perkov - City of Stirling			
Meeting attendance fees	5,346	10,824	0
	5,346	10,824	0
B Ife - Town of Victoria Park			
Meeting attendance fees	5,346	10,824	0
	5,346	10,824	0
A Wallace - City of Vincent			
Meeting attendance fees	5,346	10,824	0
	5,346	10,824	0
G Parker - City of Wanneroo			
Meeting attendance fees	5,346	10,824	0
	5,346	10,824	0
B Treby - City of Wanneroo			
Meeting attendance fees	10,626	10,824	10,560
	10,626	10,824	10,560
K Caddy - City of Stirling			
President's annual allowance	10,032	10,282	20,063
Meeting attendance fees	7,920	0	15,839
	17,952	10,282	35,902
C Anderson - Town of Victoria Park			
Meeting attendance fees	5,280	0	10,560
	5,280	0	10,560
E Cole - City of Vincent			
Meeting attendance fees	0	0	4,907
	0	0	4,907
J Fotakis - City of Vincent			
Meeting attendance fees	5,280	0	5,653
	5,280	0	5,653
A Hammond - City of Perth			
Meeting attendance fees	0	0	5,280
	0	0	5,280

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18. RELATED PARTY TRANSACTIONS (Continued)

	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
P Taylor - City of Joondalup				
Meeting attendance fees		5,280	0	10,560
		5,280	0	10,560
D Zappa - City of Wanneroo				
Meeting attendance fees		5,280	0	10,560
		5,280	0	10,560
D Lagan - City of Stirling				
Meeting attendance fees		5,280	0	10,560
		5,280	0	10,560
J Cutler - Town of Cambridge				
Meeting attendance fees		1,413	0	0
		1,413	0	0
		158,060	161,005	157,078
Fees, expenses and allowances to be paid or reimbursed to elected council members.				
		2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
President's annual allowance		20,189	20,565	20,063
Deputy President's annual allowance		5,047	5,141	5,016
Meeting attendance fees		132,824	135,299	131,999
	18(b)	158,060	161,005	157,078

(b) Key Management Personnel (KMP) Compensation

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

		2022 Actual	2021 Actual
		\$	\$
Short-term employee benefits		580,341	336,616
Post-employment benefits		35,790	25,000
Employee - other long-term benefits		0	9,205
Council member costs	18(a)	158,060	157,078
		774,191	527,899

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

18. RELATED PARTY TRANSACTIONS (Continued)

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Rent paid	41,465	35,947
Land development expenses	(20,839,525)	(12,692,329)
Proceeds from sale of land	30,288,673	29,913,393
Return of contribution	(10,000,000)	(9,000,000)
Amounts outstanding from related parties:		
Trade and other receivables	585,055	172,849
Amounts payable to related parties:		
Trade and other payables	108,062	51,353

(d) Related Parties

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 council 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.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

19. FINANCIAL RISK MANAGEMENT

This note explains the Regional Council's exposure to financial risks and how these risks could affect the Regional Council's future financial performance.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis Investment analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 outsourced to a third party which performs the services under policies approved by the Council. The third party identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Regional Council's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Regional Council to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Regional Council to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.21%	16,310,346	6,082,609	9,425,093	802,644
Financial assets at amortised cost - term deposits	0.86%	33,145,694	33,145,694	0	0
Financial assets at amortised cost - Treasury bonds	0.70%	3,000,000	3,000,000	0	0
2021					
Cash and cash equivalents	0.24%	16,472,144	15,294,782	1,143,573	33,789
Financial assets at amortised cost - term deposits	0.34%	31,009,692	31,009,692	0	0
Financial assets at amortised cost - Treasury bonds	0.65%	6,000,000	6,000,000	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	94,251	11,436

* Holding all other variables constant

**TAMALA PARK REGIONAL COUNCIL
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19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

The Regional Council applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2022					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	572,709	12,346	0	0	585,055
Loss allowance	0	0	0	0	0
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	101,918	35,398	31,874	3,658	172,848
Loss allowance	0	0	0	0	0

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19. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are 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 and disclosed in Note 15(c).

The contractual undiscounted cash flows of the Regional Council's payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	148,808	0	0	148,808	148,808
Lease liabilities	33,577	53,506	0	87,083	150,916
	<u>182,385</u>	<u>53,506</u>	<u>0</u>	<u>235,891</u>	<u>299,724</u>
<u>2021</u>					
Trade and other payables	98,800	0	0	98,800	98,800
Lease liabilities	20,878	0	0	20,878	20,878
	<u>119,678</u>	<u>0</u>	<u>0</u>	<u>119,678</u>	<u>119,678</u>

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20. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period.

21. OTHER 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

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 or 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 statements that has a material effect on the statement of financial position, 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) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) 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 the service capacity of an asset.

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.

j) 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 that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

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22. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Regional Council operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective

Description

General purpose funding

To collect interest on investments.

Interest revenue.

Other property and services

To monitor and control overheads on operating accounts.

Other unclassified activities.

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22. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
General purpose funding	319,010	337,115	492,939
Other property and services	3,618	27,692	5,267
Total Income	322,628	364,807	498,206
Expenses			
Governance	(158,486)	(171,005)	(157,078)
Other property and services	(853,017)	(1,042,150)	(913,700)
Total expenses	(1,011,503)	(1,213,155)	(1,070,778)
Net result for the period	(688,875)	(848,348)	(572,572)

(c) Total Assets

	2022	2021
	\$	\$
General purpose funding	54,828,751	55,288,286
Other property and services	36,311	102,610
	54,865,062	55,390,896

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23. BORROWING AND LEASE LIABILITIES

(a) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Unit 2, 369 Scarborough Beach Road, Innaloo		\$ 55,420	\$ 0	\$ (34,542)	\$ 20,878	\$ 164,868	\$ (34,830)	\$ 150,916	\$ 20,878	\$ 0	\$ (20,878)	\$ 0
Total Lease Liabilities	11(b)	55,420	0	(34,542)	20,878	164,868	(34,830)	150,916	20,878	0	(20,878)	0

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
Unit 2, 369 Scarborough Beach Road, Innaloo		Other property and services	STIRLI/210937	City of Stirling	2.50%	\$ (1,757)	\$ (90)	\$ (519)	36
Total Interest Repayments	2(b)					(1,757)	(90)	(519)	