

Instruction:

Type in information indicated into the cell provided and this will populate the relevant cells throughout the accounts.

ENTITY NAME	(Type name of Council)
2005/2006 Financial Report	(Update year as required)
FOR THE YEAR ENDED 30 JUNE 2006	(Update year as required)
For the Year Ended 30 June 2006	(Update year as required)
As at 30 June 2006	(Update year as required)
For the Year Ended 30 June 2006 (Cont'd)	(Update year as required)
2006	(Update year as required)
2005	(Update year as required)
2004	(Update year as required)
2005/2006	(Update years as required)
\$'000	(Use either \$'000 or \$ in column headings by typing here)
Principal Accounting Officer & Qualifications	(Type name of Principal Accounting Officer & Qualifications - if any)
Councillor 1 Name	(Type name of Councillor 1)
Councillor 2 Name	(Type name of Councillor 2)
Councillor 3 Name	(Type name of Councillor 3)
Councillor 4 Name	(Type name of Councillor 4)
Chief Executive Officer Name	(Type name of Chief Executive Officer)
Date	(Type the date of signing the Certification of the Financial Report - to write date remove the field reference)
Location	(Type place signed)

ENTITY NAME
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Disclosures not included:

AASB 3 "Business Combinations" needs to be considered where a Council has material controlled entities

AASB 5 "Non-Current Assets Held for Sale and Discontinued Operations" needs to be considered where a material area of operations is closed or transferred

Glossary:

AAS: *Australian Accounting Standard*

AASB: *Accounting Standard issued by the Australian Accounting Standards Board*

Act: *Legislation or Direction*

LGA: *Local Government Act 1989*

LGR: *Local Government (Finance and Reporting) Regulations 2004*

LGLSL: *Local Government (Long Service Leave) Regulations 2002*

LGD: *Local Government Direction*

X: *Note required where item applies*

ED: *Exposure Draft*

UIG: *Urgent Issues Group Interpretation*

BP: *Best*

ENTITY NAME
Financial Report
Table of Contents

Reference AAS/AASB	Act	FINANCIAL REPORT	Page
	LGR 13	Financial Statements	
101		Income Statement	1
101		Balance Sheet	2
27, 101		Statement of Changes in Equity	3
101		Cash Flow Statement	4
		Notes to Financial Statements	
		Introduction	
101, 108		Note 1 Significant accounting policies	5
118		Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards	13
118		Note 3 Rates and charges	17
118		Note 4 Statutory fees and fines	17
118	LGR 14	Note 5 User fees	17
118		Note 6 Grants	18
118		Note 7 Contributions	19
118		Note 8 Reimbursements	19
		Note 9 Other revenue	19
101		Note 10 SPARE	19
101		Note 11 Employee benefits	19
101		Note 12 Materials and services	20
101		Note 13 Bad and doubtful debts	20
101		Note 14 Depreciation and amortisation	20
101		Note 15 Other expenses	21
101		Note 16 Finance costs	21
101		Note 17 Investments in associates	21
101		Note 18 Significant items	23
101		Note 19 Cash and cash equivalents	23
101		Note 20 Trade and other receivables	23
101		Note 21 Financial assets	23
101		Note 22 Inventories	23
101		Note 23 Assets held for resale	23
101		Note 24 Property, plant and equipment, infrastructure	24
101		Note 25 Investment property	30
101		Note 26 (a) Intangible assets	30
101		Note 26 (b) Biological assets	30
101		Note 27 Trade and other payables	30
27	LGR 14	Note 28 Trust funds	30
101		Note 29 Provisions	31
101		Note 30 Interest bearing loans and borrowings	32
101		Note 31 Reserves	33
		Note 32 Adjustments directly to equity	34
107		Note 33 Reconciliation of cash flows from operating activities to profit or loss	34
107		Note 34 Reconciliation of cash and cash equivalents	34
132		Note 35 Financing arrangements	34
107		Note 36 Non-cash financing and investing activities	34
	LGR14		
27	LG LSL Reg	Note 37 Restricted assets	34
119		Note 38 Superannuation	35
27, 101, 116		Note 39 Commitments	36
117		Note 40 Operating lease commitments	37
137		Note 41 Contingent liabilities and contingent assets	37
132		Note 42 Financial instruments	38
101		Note 43 Auditors' remuneration	40
110		Note 44 Events occurring after balance date	40
22	LGD 5	Note 45 Related party transactions	41
131	LGR 14	Note 46 Joint venture information	42
27		Note 47 Revenue, expenses and assets by functions/activities	42
	LGR 15	Note 48 Financial ratios (Performance indicators)	43
	BP	Note 49 Capital expenditure	45
		Note 50 Special committees and other activities	45
	LGR16	Certification of the Financial Report	46

**Income Statement
For the Year Ended 30 June 2006**

Reference AAS/AASB	Para		Note	2006 \$'000	2005 \$'000
27	23				
27, 101	56,76	Revenue			
118		Rates and charges	3	46,273	43,357
118		Statutory fees and fines	4	2,818	2,703
118		User fees	5	7,828	7,442
27, 118	59	Contributions	7	2,011	1,613
118	LGR14	Grants - Recurrent	6	12,000	13,000
118	LGR14	Grants - Non-recurrent	6	9,000	3,500
118		Reimbursements	8	0	0
118		Other revenue	9	3,204	3,542
		Total revenue		83,134	75,157
27	57,76	Expenses			
101		Employee benefits	11	(35,367)	(34,421)
101		Materials and services	12	(17,939)	(19,843)
101		Bad and doubtful debts	13	(2,167)	(2,940)
101		Depreciation and amortisation	14	(15,187)	(14,809)
		Other expenses	15	(7,309)	(6,485)
101		Finance costs	16	(247)	(320)
		Total expenses		(78,216)	(78,818)
116		Net gain(loss) on disposal of property, plant and equipment, infrastructure		479	1,105
		Recognition of previously unrecognised non-current assets	<>	0	0
101		Share of net profits(losses) of associates and joint ventures accounted for by the equity method	17	0	0
		Net asset revaluation increment(decrement)		0	0
		Donated assets		0	0
101		Surplus(deficit) for the period		5,397	(2,556)

The accompanying notes form part of this financial report

Balance Sheet
As at 30 June 2006

Reference AAS/AASB	Para		Note	2006 \$'000	2005 \$'000
27	27				
101					
27	33, 76	Assets			
101, 27	76	Current assets			
101		Cash and cash equivalents	19	18,254	18,033
101		Trade and other receivables	20	5,467	5,093
101		Financial assets	21	0	0
		Accrued income		0	0
		Prepayments		0	0
101		Inventories	22	0	0
5, 101		Non-current assets classified as held for sale	23	6	6
101		Total current assets		<u>23,727</u>	<u>23,132</u>
101, 27	76	Non-current assets			
101		Trade and other receivables	20	12	11
101		Financial assets	21	200	196
101		Investments in associates accounted for using the equity method	17	0	0
101		Property, plant and equipment, infrastructure	24	518,681	509,432
101		Investment property	25	0	0
101		Intangible assets	26 (a)	0	0
101		Biological assets	26 (b)	0	0
101		Total non-current assets		<u>518,893</u>	<u>509,639</u>
		Total assets		<u>542,620</u>	<u>532,771</u>
27	49, 76	Liabilities			
101, 27	76	Current liabilities			
101		Trade and other payables	27	5,292	5,168
LGR	14(a)	Trust funds and deposits	28	588	574
101		Provisions	29	3,692	3,548
101		Interest-bearing loans and borrowings	30	1,161	2,704
101		Total current liabilities		<u>10,733</u>	<u>11,994</u>
101, 27	76	Non-current liabilities			
101		Provisions	29	3,270	3,415
101		Interest-bearing loans and borrowings	30	2,565	3,344
101		Total non-current liabilities		<u>5,835</u>	<u>6,759</u>
		Total liabilities		<u>16,568</u>	<u>18,753</u>
		Net Assets		<u>526,052</u>	<u>514,018</u>
		Equity			
27, 101	77	Accumulated surplus		400,206	394,809
27, 101	77	Reserves	31	125,846	119,209
		Total Equity		<u>526,052</u>	<u>514,018</u>

The accompanying notes form part of this financial report

Statement of Changes in Equity
For the Year Ended 30 June 2006

Reference
AAS/AASB Para
27, 101 29

	Note	Total 2006 \$'000	Accumulated Surplus 2006 \$'000	Asset Revaluation Reserve 2006 \$'000	Other Reserves 2006 \$'000
2006					
Balance at beginning of the financial year	2	514,018	394,809	107,840	11,369
101 Surplus(deficit) for the year		5,397	5,397	-	-
101 Net asset revaluation increment(decrement)	31(a)	6,637	-	6,637	-
101 Transfers to other reserves	31(b)	-	-	-	-
101 Transfers from other reserves	31(b)	-	-	-	-
136 Impairment losses on revalued assets	32	-	-	-	-
136 Reversal of impairment losses on revalued assets	32	-	-	-	-
101, 108 Adjustment on change in accounting policy	32	-	-	-	-
UIG 1 Change arising from a change in restoration liability	32	-	-	-	-
132 Gains (losses) from remeasuring available-for-sale financial assets to fair value:					
Recognised during the year	32	-	-	-	-
Removed and recognised in profit/loss	32	-	-	-	-
Balance at end of the financial year		526,052	400,206	114,477	11,369
2005					
Balance at beginning of the financial year	2	516,574	397,365	107,840	11,369
101 Surplus(deficit) for the year		(2,556)	(2,556)	-	-
101 Net asset revaluation increment(decrement)	31(a)	-	-	-	-
101 Transfers to other reserves	31(b)	-	-	-	-
101 Transfers from other reserves	31(b)	-	-	-	-
136 Impairment losses on revalued assets	32	-	-	-	-
136 Reversal of impairment losses on revalued assets	32	-	-	-	-
101, 108 Adjustment on change in accounting policy	32	-	-	-	-
UIG 1 Change arising from a change in restoration liability	32	-	-	-	-
132 Gains (losses) from remeasuring available-for-sale financial assets to fair value:					
Recognised during the year	32	-	-	-	-
Removed and recognised in profit/loss	32	-	-	-	-
Balance at end of the financial year		514,018	394,809	107,840	11,369

The accompanying notes form part of this financial report

Reference AAS/AASB	Para
101	21

Introduction

101	(a)	The <Entity Name> was established by an Order of the Governor in Council on <date> and is a body corporate. The Council's main office is located at <address>.
	(b)	The purpose of the Council is to: <ul style="list-style-type: none">- provide for the peace, order and good government of its municipal district;- to promote the social, economic and environmental viability and sustainability of the municipal district;- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;- to improve the overall quality of life of people in the local community;- to promote appropriate business and employment opportunities;- to ensure that services and facilities provided by the Council are accessible and equitable;- to ensure the equitable imposition of rates and charges; and- to ensure transparency and accountability in Council decision making.
		The following information could also be provided here: External Auditor - Auditor-General of Victoria Internal Auditor - <name of firm> Solicitors - <names of firms> Bankers - <name of bank> Website address - <web address>
101		This financial report is a general purpose financial report that consists of an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the <i>Local Government Act</i> 1989, and the Local Government (Finance and Reporting) Regulations 2004.
101	14.3	<i>Financial report complies with AIFRS</i> Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). Some Australian equivalents to IFRSs contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.
101		The Council is an entity to which AAS 27 "Financial Reporting by Local Governments" applies and the entity has applied a requirement in that Standard that overrides the requirements in an Australian equivalent to IFRS.
101		Except to the extent that these special provisions require, this financial report complies with the Australian equivalents to IFRS (AIFRS).
101		The Council has elected not to restate comparative information of financial instruments within the scope of AASB132 "Financial Instruments Disclosure and Presentation" and AASB139 "Financial Instruments Recognition and Measurement", as permitted on the first time adoption of AIFRS.

Note 1 Significant accounting policies

	(a)	Basis of accounting This financial report has been prepared on the accrual and going concern bases. This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(g), 1(i), and 1(k).
1		Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives. Comparative information is included under AIFRS. Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.
27	17	All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 50.

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

108	(b)	Change in accounting policies <Insert explanation of change in policy and indicate financial effect.>
118	(c)	Revenue recognition <i>Rates, grants and contributions</i> Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts. Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer. Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably. Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year. A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date. <i>User fees and fines</i> User fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for doubtful debts is recognised when collection in full is no longer probable. <i>Sale of property, plant and equipment, infrastructure</i> The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer. <i>Interest and rents</i> Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs. <i>Dividends</i> Dividend revenue is recognised when the Council's right to receive payment is established.

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

116	(d)	Depreciation and amortisation of non-current assets	
27	45	Buildings, land improvements, plant and equipment, infrastructure, heritage assets, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.	
		Where infrastructure assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.	
UIG 55		Road earthworks are not depreciated.	
		Artworks are not depreciated.	
		Straight line depreciation is charged based on the residual useful life as determined each year.	
		Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:	
			Period
		Property	
		Land	
		land improvements	<> years
		Buildings	
		buildings	<> years
		building improvements	<> years
		leasehold building improvements	<> years
		heritage buildings	<> years
		Plant and Equipment	
		plant, machinery and equipment	<> years
		fixtures, fittings and furniture	<> years
		computers and telecommunications	<> years
		leased plant and equipment	<> years
		heritage plant and equipment	<> years
		library books	<> years
		Infrastructure	
		Roads	
		road pavements and seals	<> years
		road substructure	<> years
		road formation and earthworks	<> years
		road kerb, channel and minor culverts	<> years
		road other <insert details>	<> years
		Bridges	
		bridges deck	<> years
		bridges substructure	<> years
		bridges other <insert details>	<> years
		footpaths and cycleways	<> years
		drainage	<> years
		recreational, leisure and community facilities	<> years
		waste management	<> years
		parks, open space and streetscapes	<> years
		aerodromes	<> years
		off street car parks	<> years
		other infrastructure <insert details>	<> years
		Intangible assets	
		intangible assets	<> years
		<where useful lives have changed compared to the prior year, then need to disclose the change and its financial impact>	
UIG 26	8	(e) Repairs and maintenance	
		Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.	

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

123	(f) Borrowing costs	Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.
		Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.
116	(g) Recognition and measurement of assets	
		<i>Acquisition</i>
27	39	The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.
116		Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.
		The following classes of assets have been recognised in note 24. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold \$'000
<i>Property</i>	
<i>Land</i>	
land	10
land improvements	10
<i>Buildings</i>	
buildings	10
building improvements	10
leasehold building improvements	10
heritage buildings	10
<i>Plant and Equipment</i>	
plant, machinery and equipment	1
fixtures, fittings and furniture	1
computers and telecommunications	1
leased plant and equipment	1
heritage plant & equipment	1
library books	1
<i>Infrastructure</i>	
<i>Roads</i>	
road pavements and seals	10
road substructure	10
road formation and earthworks	10
road kerb, channel and minor culverts	10
road other <insert details>	10
<i>Bridges</i>	
bridges deck	10
bridges substructure	10
bridges other <insert details>	10
footpaths and cycleways	10
drainage	10
recreational, leisure and community facilities	10
waste management	10
parks, open space and streetscapes	10
aerodromes	10
off street car parks	10
other infrastructure <insert details>	10
<i>Intangible assets</i>	
intangible assets	1

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

(g) Recognition and measurement of assets (cont.)

Revaluation

116 Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment (and <name other classes>), are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from < > to < > years. The valuation is performed either by experienced council officers or independent experts.

116 Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

27 108 The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 Land under Roads, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2007.

(h) Cash and cash equivalents

107 For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(i) Other financial assets

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(j) Investments

Investments, other than investments in associates, are measured at cost.

128 **(k) Accounting for investments in associates**

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the income statement.

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

(l) Tender deposits

27 6
LGR 14(a) Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 28).

(m) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as work cover charges.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

Long service leave

119 Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of <> %.

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 38.

Retirement gratuities

Retirement gratuities were provided to certain employees who joined the Council prior to <month> <year>. The liability represents a set proportion of accumulated sick leave that is payable on retirement. At balance date, the liability is measured at the present value of estimated future cash flows to be made for this entitlement.

<Include policy on Gain sharing and Bonuses where amounts are material>

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

117	(n)	Leases	<p><i>Finance leases</i></p> <p>Leases of assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a <> to<> year period.</p> <p><i>Operating leases</i></p> <p>Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.</p> <p><i>Leasehold improvements</i></p> <p>Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a <> to <> year period.</p>	
101	(o)	Allocation between current and non-current	<p>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 twelve months, being the Council's operational cycle.</p>	
27	51	(p)	Agreements equally proportionately unperformed	<p>The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.</p>
UIG 132	(q)	Web site costs	<p>Costs in relation to websites are charged as an expense in the period in which they are incurred.</p>	
UIG 1031	(r)	Goods and Services Tax (GST)	<p>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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.</p> <p>Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.</p>	
136	(s)	Impairment of assets	<p>At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.</p>	

Reference AAS/AASB	Para
101	21

Note 1 Significant accounting policies (cont.)

(t) **Other accounting policies that could be included are:**

131 Joint ventures
102 Land held for sale

101 (u) **Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

(v) **Non-current assets held for sale**

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

140 (w) **Investment property**

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on arms length basis. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other income.

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), the <entity> has prepared and presented its first financial report and other accountability statements in compliance with the AIFRS framework for the financial year ended 30 June 2006.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The <entity> has analysed its purpose, objectives, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the <entity> has elected to apply options and exemptions within the AIFRS that are applicable to not-for-profit entities.

With certain exceptions, the <entity> has recorded transactions and events as though AIFRS had always applied. This practice has extended to any comparative information included within the financial report. Most accounting policy adjustments arising from the first time adoption of AIFRS apply retrospectively and have been adjusted against the accumulated surplus funds at 1 July 2004, being the opening balance sheet date for the comparative period.

Reconciliations of AIFRS surplus(deficit), balance sheet and equity for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in the tables below.

Table 1: Reconciliation of surplus(deficit) as presented under previous Australian GAAP to that under AIFRS

	Note	30 JUNE 2005 \$'000
Surplus(deficit) as reported under previous Australian GAAP		(2,556)
<u>AIFRS impact on income</u>		
Proceeds from sale of property, plant and equipment, infrastructure		(3,174)
Net gain(loss) on disposal of property, plant and equipment, infrastructure		1,105
Revenue items <i>[if any - describe]</i>		0
Revenue items <i>[if any - describe]</i>		0
Revenue items <i>[if any - describe]</i>		0
Revenue items <i>[if any - describe]</i>		0
<u>AIFRS impact on expenses</u>		
Employee benefits		0
Depreciation and amortisation		0
Finance costs		0
Grants and transfer payments		0
Supplies and services		0
Impairment expenses		0
Written down value of assets sold		2,069
Other expenses <i>[describe]</i>		0
Other expenses <i>[describe]</i>		0
Other expenses <i>[describe]</i>		0
Other expenses <i>[describe]</i>		0
Other expenses <i>[describe]</i>		0
Other expenses <i>[describe]</i>		0
Total AIFRS impact on surplus(deficit)		<u>0</u>
Surplus(deficit) under AIFRS		<u>(2,556)</u>

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)

Table 2: Reconciliation of total assets and total liabilities as presented under previous Australian GAAP to that under AIFRS

	30 JUNE 2005 \$'000	1 JULY 2004 \$'000
Total assets under previous Australian GAAP	532,771	534,771
<u>AIFRS impact on assets</u>		
Inventories	0	0
Inventories held for distribution	0	0
Property, plant and equipment, infrastructure	0	0
Intangible assets	0	0
Investment properties	0	0
Non-current assets held for sale	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Total AIFRS impact on assets	<u>0</u>	<u>0</u>
Total assets under AIFRS	<u>532,771</u>	<u>534,771</u>
Total liabilities under previous Australian GAAP	18,753	18,197
<u>AIFRS impact on liabilities</u>		
Provisions	0	0
Superannuation	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Other differences [describe]	0	0
Total AIFRS impact on liabilities	<u>0</u>	<u>0</u>
Total liabilities under AIFRS	<u>18,753</u>	<u>18,197</u>

Table 3: Reconciliation of equity as presented under previous Australian GAAP to that under AIFRS

Total equity under previous Australian GAAP	514,018	516,574
<u>AIFRS impact on equity</u>		
Error correction prior year	0	0
Reserves	0	0
Accumulated surplus	0	0
Total AIFRS impact on equity	<u>0</u>	<u>0</u>
Total equity under AIFRS	<u>514,018</u>	<u>516,574</u>

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)

Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRSs and the cash flow statement presented under previous Australian GAAP.

Explanatory Notes:

Impairment of assets

Impairment testing was conducted on transition date, 1 July 2004, which indicated an impairment loss of \$XX relating to <>. This impairment loss has been adjusted against accumulated funds and the carrying amount of the impaired assets on that date. As a consequence, depreciation expense for the year ended 30 June 2005 decreased by \$XX. An impairment loss of \$XX was also recognised in respect of plant and equipment for the financial year ended 30 June 2005.

Property, plant and equipment, infrastructure

When an asset is initially recognised, AASB 116 *Property, Plant and Equipment* requires the capitalisation of costs of dismantling and removing an asset and restoring the site on which the asset was created, together with the recognition of a provision determined at present value in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Consequently, there was an increase in depreciation expense as a result of the increase in the carrying amount of the asset and an interest expense was incurred as the present value discount on the dismantling and restoration provision unwinds.

The impact of this change resulted in an increase to the carrying amount of the asset of \$XX and the recognition of a provision of \$XX as at 30 June 2005. Accordingly, depreciation expense and interest expense increased by \$XX and \$XX respectively for the year ended 30 June 2005.

Employee benefits

AASB 119 *Employee Benefits* requires liabilities for short-term employee benefits to be measured at nominal amounts and liabilities for long-term employee benefits to be measured at present value. AASB 119 defines short-term employee benefits as benefits that fall due wholly within twelve months after the related period of service. Therefore, liabilities for short-term employee benefits are measured at present value where they are not expected to be settled within 12 months of the reporting date.

The effect of the above requirement on the <entity>'s Balance Sheet as at 30 June 2005 was a decrease in employee benefits liability of \$XX. For the year ended 30 June 2005, employee benefits expense increased by \$XX as the present value discount on the liabilities for long-term employee benefits unwinds.

Finance leases

On adoption of AIFRS, the lease asset and lease liability recognised is equal to the lower of the present value of minimum lease payments and fair value of the leased asset. In those cases where the present value of the minimum lease payments exceeds the fair value of the leased asset there is a need to adjust the <entity>'s lease assets and liabilities at the date of transition.

The impact of this change in accounting policy resulted in an increase to the <entity>'s lease assets and lease liabilities of \$XX and \$XX respectively as at 30 June 2005. On the Income Statement, expenditure on operating leases <(which forms part of <> expense)> decreased by \$XX, offset by an increase in depreciation and amortisation expense of \$XX and an increase in interest costs of \$XX for the financial year ended 30 June 2005.

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)

Non-current assets held for sale

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* requires an entity to classify a non-current asset as held for sale if its carrying amount will be recovered principally through its sale rather than through continued use. A non-current asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. In addition, depreciation ceases when an asset has been classified as held for sale.

The effect of this change in accounting policy resulted in the reclassification of <> from "Property, plant and equipment, infrastructure" to "Non-current assets held for sale" and an adjustment to the Balance Sheet of \$XX as at 30 June 2005. Depreciation expense decreased by \$XX in the Income Statement for the year ended 30 June 2005.

(For entities that have reclassified only non-depreciable assets as held for sale, the following paragraph may be appropriate)

The effect of this change in accounting policy resulted in the reclassification of assets [specify] from "[appropriate line item]" to "Non-current assets held for sale". The reclassification did not have a material impact on the financial statements.

Inventories held for distribution

AIFRS requires costs of goods and services to be distributed for no consideration or at a nominal amount to be capitalised as inventories held for distribution and expensed when distributed. Inventories held for distribution are measured at the lower cost and current replacement cost. Inventories held for distribution on hand as at the transition date was brought to account for the first time with the resulting adjustment against accumulated funds. Inventories other than inventories held for distribution continue to be measured at the lower of cost and net realisable value.

The effect of the above requirement on the Balance Sheet as at 30 June 2005 was an increase in Inventories held for distribution of \$XX and an increase in the cost of goods and services distributed of \$XX for the year ended 30 June 2005.

Financial instruments

The <entity> has elected to apply the first-time adoption exemption available under AASB 1 *First-time adoption of Australian Equivalent to International Financial Reporting Standards* to defer the date of transition of AASB 139 *Financial Instruments: Recognition and Measurement* until 1 July 2005. Accordingly, there is no quantitative impact on the balance sheet as at 1 July 2004 and 30 June 2005 and the income statement for the year ended 30 June 2005.

With the exception of receivables and payables, the majority of financial assets and liabilities held by the <entity> are valued in the Balance Sheet at market value with changes in value taken to the Income Statement. On adoption of AIFRS, there was no significant change in recognition of these assets and liabilities.

Reference		2006	2005
AAS/AASB	Para	\$'000	\$'000

Note 3 Rates and charges

118 Council uses <insert appropriate valuation basis> as the basis of valuation of all properties within the municipal district. The <valuation base> of a property is its <insert brief explanation of the valuation base>.

The valuation base used to calculate general rates for 2005/2006 was \$<>.<> million (2004-2005 \$<>.<> million). The 2005/2006 rate in the <valuation base> dollar was<> (2004-2005, <>).

Residential	13,882	12,951
Commercial	10,411	9,755
Industrial	9,255	8,672
Farm/Rural	4,627	4,336
Supplementary rates and rate adjustments	2,314	2,168
Municipal charge	1,157	1,084
Garbage charge	3,412	3,281
Special rates and charges	1,215	1,110
Revenue in lieu of rates	0	0
	<u>46,273</u>	<u>43,357</u>

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2004, and the valuation first applied to the rating period commencing 1 July 2004.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2006, and the valuation will be first applied in the rating year commencing 1 July 2006.

118 **Note 4 Statutory fees and fines**

Infringements and costs	2,254	2,162
PERIN court recoveries	206	186
Town planning fees	98	75
Land information certificates	125	115
Permits	135	165
	<u>2,818</u>	<u>2,703</u>

118 **Note 5 User fees**

Leisure centre fees	3,914	3,721
Resort and recreation fees*	0	0
Child care/children's program fees	801	744
Fees - ticket machines	401	490
Aged services fees	731	809
Registration fees	328	431
Road occupancy charges	365	298
Building services fees	566	344
Valuation fees/supplementary charges	286	125
Fees - parking meters	301	265
Other fees and charges	135	215
	<u>7,828</u>	<u>7,442</u>

* Resort and recreation fees received during the year are transferred to other reserves pursuant to section 18 of the *Subdivision Act 1988* (Resort and Recreation Reserve) (refer note 31).

Reference AAS/AASB	Para		2006 \$'000	2005 \$'000
27	59	Note 6 Grants		
		Grants were received in respect of the following :		
		Recurrent		
		Commonwealth Government - Roads to recovery	500	2,000
		Commonwealth Government - Family and children	1,000	1,500
		Victoria Grants Commission - unallocated	4,000	3,750
		Victoria Grants Commission - local roads	1,000	1,750
		Community health	250	250
		School crossing supervisors	241	97
		Planning and development	343	113
		Maternal and child health	234	96
		Family and children	473	302
		Food services	432	301
		Home help/linkages	365	253
		Senior citizen centres	906	712
		Transport	386	801
		Adult day care	412	284
		Assessment/welfare support	106	71
		Libraries	153	80
		Recreation	110	59
		Local government improvement incentives	199	61
		Community safety	114	86
		Drug strategy development	141	78
		Homeless support	73	92
		Other	562	264
LGR	14(b)	<i>Total recurrent</i>	<u>12,000</u>	<u>13,000</u>
		Non-recurrent		
		Commonwealth Government - Drainage	6,500	0
		Commonwealth Government - Bridges	0	2,500
		Community health	750	500
		Family and children	750	500
		Transport	500	0
		Homeless support	250	0
		Other	250	0
LGR	14(b)	<i>Total non-recurrent</i>	<u>9,000</u>	<u>3,500</u>
		<i>Conditions on Grants</i>		
27	92	Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
		Community health	500	400
		Transport	500	0
			<u>1,000</u>	<u>400</u>
		Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
		Community health	400	300
			<u>400</u>	<u>300</u>
		Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>600</u>	<u>100</u>

Reference AAS/AASB	Para		2006 \$'000	2005 \$'000
27	59	Note 7 Contributions		
		Roads	805	645
		Footpaths and cycleways	172	138
		Drainage	344	276
		Recreational, leisure and community facilities	344	276
		Waste management	86	69
		Parks, open space and streetscapes	50	40
		Community day care	50	40
		Parking	100	80
		Other	60	49
			<u>2,011</u>	<u>1,613</u>
27	92	(Where contributions are unexpended at balance date then disclosures per the lower part on note 6 must also be included)		
118		Note 8 Reimbursements		
		Road maintenance/works	0	0
		VicRoads reimbursements	0	0
		Other	0	0
			<u>0</u>	<u>0</u>
118		Note 9 Other revenue		
		Interest	1,264	1,179
		Interest on rates	940	863
		Dividends	0	0
140		Investment property rental	0	0
		Other rent	0	0
		Royalties	0	0
		Reversal of impairment losses	0	0
		Other	1,000	1,500
		<List items>	0	0
			<u>3,204</u>	<u>3,542</u>
		Note 10 SPARE		
101		Note 11 Employee benefits		
		Wages and salaries	30,491	29,675
		Casual staff	616	599
		Annual leave and long service leave	795	774
		Superannuation	2,503	2,436
		Fringe benefits tax and work cover	962	937
		Redundancy	0	0
			<u>35,367</u>	<u>34,421</u>

Reference AAS/AASB Para		2006 \$'000	2005 \$'000
101	Note 12 Materials and services		
	Contract payments	6,176	7,176
	Building maintenance	4,484	4,984
	Plant and equipment maintenance	3,588	3,988
	Utilities	2,691	3,195
	Consultants	1,000	500
	<list material items>	0	0
		<u>17,939</u>	<u>19,843</u>
101	Note 13 Bad and doubtful debts		
	Parking fine debtors	100	1,000
	Rates debtors	0	0
	Other debtors	2,067	1,940
		<u>2,167</u>	<u>2,940</u>
101	Note 14 Depreciation and amortisation		
	Property		
	Land		
	Land improvements	296	289
	Buildings		
	Buildings	1,868	1,832
	Building improvements		
	Leasehold improvements	0	0
	Heritage buildings	141	137
	Plant and Equipment		
	Plant, machinery and equipment	808	788
	Fixtures, fittings and furniture	2,596	2,530
	Computers and telecommunications	807	777
	Leased plant and equipment	0	0
	Heritage plant and equipment	11	11
	Library books	0	0
	Infrastructure		
	Roads	5,900	5,753
	Bridges	250	244
	Footpaths and cycleways	1,850	1,804
	Drainage	660	644
	Recreational, leisure and community facilities	0	0
	Waste management	0	0
	Parks, open space and streetscapes	0	0
	Aerodromes	0	0
	Off street car parks	0	0
	Other infrastructure<insert details>	0	0
	Intangible assets		
	Intangible assets	0	0
		<u>15,187</u>	<u>14,809</u>

Reference AAS/AASB Para		2006 \$'000	2005 \$'000
	Note 15 Other expenses		
	Auditors' remuneration	94	88
	Councillors' allowances	250	240
	Operating lease rentals	4,000	4,000
	Impairment losses	0	0
	Other	2,965	2,157
	<List items >	0	0
		<u>7,309</u>	<u>6,485</u>
101	Note 16 Finance costs		
	Bank overdraft charges	0	0
	Interest - Borrowings	247	320
	Interest - Finance leases	0	0
		<u>247</u>	<u>320</u>
123	Less capitalised borrowing costs on qualifying assets	0	0
101	Finance costs	<u>247</u>	<u>320</u>
101	Rate used to capitalise finance costs	<> %	<> %
101, 128	Note 17 Investment in associates		
	Investments in associates accounted for by the equity method are:		
	- <> waste management group	0	0
	- <> regional library corporation	0	0
	- <> tennis centre	0	0
		<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>
	<> waste management group		
	<i>Background</i>		
	<brief explanation of entity and the Council's share in its ownership>		
	<i>Council's share of accumulated surplus(deficit)</i>		
	Council's share of accumulated surplus(deficit) at start of year		
	Reported surplus(deficit) for year		
	Transfers (to) from reserves		
	Distributions for the year		
	Council's share of accumulated surplus(deficit) at end of year	<u>0</u>	<u>0</u>
	<i>Council's share of reserves</i>		
	Council's share of reserves at start of year		
	Transfers (to) from reserves		
	Council's share of reserves at end of year	<u>0</u>	<u>0</u>
	<i>Movement in carrying value of specific investment</i>		
	Carrying value of investment at start of year		
	Share of surplus(deficit) for year		
	Share of asset revaluation		
	Distributions received		
	Carrying value of investment at end of year	<u>0</u>	<u>0</u>
	<i>Council's share of expenditure commitments</i>		
	Operating commitments		
	Capital commitments	<u>0</u>	<u>0</u>
	<i>Council's share of contingent liabilities and contingent assets</i>		
	<List relevant assets and liabilities eg site restoration costs>	<u>0</u>	<u>0</u>

Reference AAS/AASB Para	2006 \$'000	2005 \$'000
Note 17 Investment in associates (cont.)		
<> regional library corporation		
<i>Background</i>		
<brief explanation of entity and the Council's share in its ownership>		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year		
Reported surplus(deficit) for year		
Transfers (to) from reserves		
Distributions for the year		
Council's share of accumulated surplus(deficit) at end of year	0	0
<i>Council's share of reserves</i>		
Council's share of reserves at start of year		
Transfers (to) from reserves		
Council's share of reserves at end of year	0	0
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year		
Share of surplus(deficit) for year		
Share of asset revaluation		
Distributions received		
Carrying value of investment at end of year	0	0
<i>Council's share of expenditure commitments</i>		
Operating commitments		
Capital commitments		
	0	0
<i>Council's share of contingent liabilities and contingent assets</i>		
<List relevant assets and liabilities eg site restoration costs>	0	0
<> tennis centre		
<i>Background</i>		
<brief explanation of entity and the Council's share in its ownership>		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year		
Reported surplus(deficit) for year		
Transfers (to) from reserves		
Distributions for the year		
Council's share of accumulated surplus(deficit) at end of year	0	0
<i>Council's share of reserves</i>		
Council's share of reserves at start of year		
Transfers (to) from reserves		
Council's share of reserves at end of year	0	0
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year		
Share of surplus(deficit) for year		
Share of asset revaluation		
Distributions received		
Carrying value of investment at end of year	0	0
<i>Council's share of expenditure commitments</i>		
Operating commitments		
Capital commitments		
	0	0
<i>Council's share of contingent liabilities and contingent assets</i>		
<List relevant assets and liabilities eg site restoration costs>	0	0

Reference AAS/AASB Para		2006 \$'000	2005 \$'000
101	Note 18 Significant items Included within the income statement are the following significant items that should be separately identified <List items of a size, nature or incidence that is relevant in explaining financial performance > <Disclose nature and amount>	0	0
		<u>0</u>	<u>0</u>
101	Note 19 Cash and cash equivalents		
	Cash on hand	54	33
	Cash at bank	4,200	5,000
	Money market call account	4,000	4,000
	Bank bills	10,000	9,000
		<u>18,254</u>	<u>18,033</u>
101	Note 20 Trade and other receivables		
	Current		
	Rates debtors	2,631	2,482
	Parking infringement debtors	1,714	1,491
	Provision for doubtful debts - parking infringements	(1,010)	(910)
	Loans and advances to community organisations	651	620
	Other debtors	3,898	1,760
	Provision for doubtful debts - other debtors	(2,417)	(350)
	<> Special rate assessment	0	0
	Net GST receivable	0	0
		<u>5,467</u>	<u>5,093</u>
	Non-current		
	<> Special rate assessment	12	11
	Loans and advances to community organisations	0	0
		<u>12</u>	<u>11</u>
	Total	<u>5,479</u>	<u>5,104</u>
101	Note 21 Financial assets		
	Current		
	Managed funds (note 1(i))	0	0
		<u>0</u>	<u>0</u>
	Non-current		
	Managed funds (note 1(i))	200	196
	Managed funds are held with <> and are represented by: <include details of holdings where relevant> <Show as part of cash assets where actively used as part of cash management and show here as non-current where used for long-term investment>	<u>200</u>	<u>196</u>
101, 102	Note 22 Inventories		
	Inventories for distribution	0	0
	Inventories held for sale	0	0
		<u>0</u>	<u>0</u>
5, 101	Note 23 Assets held for sale		
	Cost of acquisition	6	6
	Capitalised development costs (eg roads, drainage)	0	0
	Borrowing costs capitalised during development	0	0
		<u>6</u>	<u>6</u>
123	Borrowing costs capitalised	<u>0</u>	<u>0</u>
123	Capitalisation rate used in the allocation of borrowing costs	6%	6%

Reference

AAS/AASB Para

101, 1 Note 24

Property, plant and equipment, infrastructure

<When preparing accounts where individual assets within a class of assets are being revalued over more than one year (meaning that the entire asset class is not fully revalued within one year) then disclosure requirements per AASB 116 apply.>

	2006	2005
	\$'000	\$'000
Summary		
at cost	80,058	85,793
Less accumulated depreciation	27,065	25,143
	<u>52,993</u>	<u>60,650</u>
at fair value as at 30 June <>	634,320	292,900
Less accumulated depreciation	173,746	81,969
at Council valuation as at 30 June <>	9,183	319,827
Less accumulated depreciation	4,069	81,976
	<u>465,688</u>	<u>448,782</u>
Total	<u>518,681</u>	<u>509,432</u>

Property

Land

at cost	0	3,000
at fair value as at 30 June <>	169,359	35,022
at Council valuation as at 30 June <>	0	127,788
	<u>169,359</u>	<u>165,810</u>

Land improvements

at cost	29,824	25,972
Less accumulated depreciation	8,701	8,405
	<u>21,123</u>	<u>17,567</u>
	<u>190,482</u>	<u>183,377</u>

116

Total Land

Buildings

at cost	0	8,800
Less accumulated depreciation	0	1,399
	<u>0</u>	<u>7,401</u>

at fair value as at 30 June <>	134,251	0
Less accumulated depreciation	52,197	0
	<u>82,054</u>	<u>0</u>

at Council valuation as at 30 June <>	0	115,644
Less Accumulated depreciation	0	49,125
	<u>0</u>	<u>66,519</u>

Building improvements

at cost	6,155	5,800
Less accumulated depreciation	1,036	841
	<u>5,119</u>	<u>4,959</u>

at fair value as at 30 June <>	0	0
Less accumulated depreciation	0	0
	<u>0</u>	<u>0</u>

at Council valuation as at 30 June <>	0	0
Less accumulated depreciation	0	0
	<u>0</u>	<u>0</u>

Leasehold improvements

at cost	0	0
Less accumulated amortisation	0	0
	<u>0</u>	<u>0</u>

Reference AAS/AASB	Para		2006 \$'000	2005 \$'000
101, 1	Note 24	Property, plant and equipment, infrastructure (cont.)		
		Heritage buildings		
		at cost	74	20
		Less accumulated depreciation	14	3
			<u>60</u>	<u>17</u>
		at Council valuation as at 30 June <>	1,000	1,000
		Less accumulated depreciation	622	492
			<u>378</u>	<u>508</u>
116		Total Buildings	<u>87,611</u>	<u>79,404</u>
116		Total Property	<u>278,093</u>	<u>262,781</u>
116		Valuation of land and buildings were undertaken by a qualified independent valuer [could include name and valuer registration no.]. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. All freehold land reserved for public open space is valued at a discount of X percent to market value based on legal precedents.		
116		Plant and Equipment		
		Plant, machinery and equipment		
		at cost	19,551	19,783
		Less accumulated depreciation	10,907	9,108
			<u>8,644</u>	<u>10,675</u>
		Fixtures, fittings and furniture		
		at cost	8,083	9,542
		Less accumulated depreciation	5,111	4,399
			<u>2,972</u>	<u>5,143</u>
		Computers and telecommunications		
		at cost	2,357	1,987
		Less accumulated amortisation	1,188	883
			<u>1,169</u>	<u>1,104</u>
		Leased plant and equipment <insert details>		
		at cost	0	0
		Less accumulated amortisation	0	0
			<u>0</u>	<u>0</u>
		Heritage plant and equipment		
		at cost	73	20
		Less accumulated depreciation	15	4
			<u>58</u>	<u>16</u>
		Library books		
		at cost	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
116		Total Plant and Equipment	<u>12,843</u>	<u>16,938</u>

Where appropriate include disclosures of Artworks.

Reference
AAS/AASB Para

101, 1	Note 24	Property, plant and equipment, infrastructure (cont.)	2006 \$'000	2005 \$'000
		Infrastructure		
		Roads		
		at cost	5,693	0
		Less accumulated depreciation	58	0
			<u>5,635</u>	<u>0</u>
		at fair value as at 30 June <>	245,125	245,125
		Less accumulated depreciation	84,853	78,011
			<u>160,272</u>	<u>167,114</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		Bridges		
		at cost	1,110	0
		Less accumulated depreciation	27	0
			<u>1,083</u>	<u>0</u>
		at fair value as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at Council valuation as at 30 June <>	8,183	8,183
		Less accumulated depreciation	3,447	3,224
			<u>4,736</u>	<u>4,959</u>
		Footpaths and cycleways		
		at cost	198	0
		Less accumulated depreciation	8	0
			<u>190</u>	<u>0</u>
		at fair value as at 30 June <>	12,753	12,753
		Less accumulated depreciation	4,800	3,958
			<u>7,953</u>	<u>8,795</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		Drainage		
		at cost	0	1,895
		Less accumulated depreciation	0	101
			<u>0</u>	<u>1,794</u>
		at fair value as at 30 June <>	72,832	0
		Less accumulated depreciation	31,896	0
			<u>40,936</u>	<u>0</u>
		at Council valuation as at 30 June <>	0	67,212
		Less accumulated depreciation	0	29,135
			<u>0</u>	<u>38,077</u>
		Recreational, leisure and community facilities		
		at cost	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at fair value as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>

Reference			2006	2005
AAS/AASB	Para		\$'000	\$'000
101, 1	Note 24	Property, plant and equipment, infrastructure (cont.)		
		Waste management		
		at cost	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at fair value as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		Parks, open space and streetscapes		
		at cost	0	0
		at fair value as at 30 June <>	0	0
		at Council valuation as at 30 June <>	0	0
			<u>0</u>	<u>0</u>
		Aerodromes		
		at cost	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at fair value as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		Off street car parks		
		at cost	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at fair value as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		Other <insert details>		
		at cost	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at fair value as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
		at Council valuation as at 30 June <>	0	0
		Less accumulated depreciation	0	0
			<u>0</u>	<u>0</u>
116		Total Infrastructure	<u>220,805</u>	<u>220,739</u>
116		Valuation of infrastructure assets has been determined in accordance with an <independent> valuation undertaken by <name and qualifications>.		
		The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
		Works in progress		
		Buildings at cost	4,165	5,385
		Roads at cost	2,081	2,692
		Bridges at cost	694	897
116		Total Works in progress	<u>6,940</u>	<u>8,974</u>
116		Total Property, Plant and Equipment, Infrastructure	<u>518,681</u>	<u>509,432</u>

Reference

AAS/AASB Para

Note 24 Property, plant and equipment, infrastructure (cont.)

2006	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 31)	Depreciation and amortisation (note 14)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
land	165,810	0	3,549	0	0	0	0	169,359
land improvements	17,567	3,852	0	296	0	0	0	21,123
Total land	183,377	3,852	3,549	296	0	0	0	190,482
buildings	73,920	3,251	2,006	1,673	0	0	4,550	82,054
building improvements	4,959	355	0	195	0	0	0	5,119
leasehold improvements	0	0	0	0	0	0	0	0
heritage buildings	525	54	0	141	0	0	0	438
Total buildings	79,404	3,660	2,006	2,009	0	0	4,550	87,611
Total property	262,781	7,512	5,555	2,305	0	0	4,550	278,093
Plant and Equipment								
plant, machinery and equipment	10,675	1,558	0	2,194	1,395	0	0	8,644
fixtures, fittings and furniture	5,143	1,228	0	1,712	1,687	0	0	2,972
computers and telecommunications	1,104	370	0	305	0	0	0	1,169
leased plant and equipment	0	0	0	0	0	0	0	0
heritage plant and equipment	16	53	0	11	0	0	0	58
library books	0	0	0	0	0	0	0	0
Total plant and equipment	16,938	3,209	0	4,222	3,082	0	0	12,843
Infrastructure								
roads	167,114	3,419	0	6,900	0	0	2,274	165,907
bridges	4,959	352	0	250	0	0	758	5,819
footpaths and cycleways	8,795	198	0	850	0	0	0	8,143
drainage	39,871	643	1,082	660	0	0	0	40,936
recreational, leisure and community facilities	0	0	0	0	0	0	0	0
waste management	0	0	0	0	0	0	0	0
parks, open space and streetscapes	0	0	0	0	0	0	0	0
aerodromes	0	0	0	0	0	0	0	0
off street car parks	0	0	0	0	0	0	0	0
other <insert details>	0	0	0	0	0	0	0	0
Total infrastructure	220,739	4,612	1,082	8,660	0	0	3,032	220,805
Works in progress								
buildings	5,385	3,329	0	0	0	0	(4,550)	4,164
roads	2,692	1,664	0	0	0	0	(2,274)	2,082
bridges	897	555	0	0	0	0	(758)	694
Total works in progress	8,974	5,548	0	0	0	0	(7,582)	6,940
Total property, plant and equipment, infrastructure	509,432	20,881	6,637	15,187	3,082	0	0	518,681

(a) Impairment losses

Impairment losses are recognised in the income statement under other expenses.

Reversals of impairment losses are recognised in the income statement under other revenue.

Reference
AAS/AASB Para

Note 24 Property, plant and equipment, infrastructure (cont.)

2005	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 31)	Depreciation and amortisation (note 14)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
land	165,810	0	0	0	0	0	0	165,810
land improvements	14,909	2,947	0	289	0	0	0	17,567
Total land	180,719	2,947	0	289	0	0	0	183,377
buildings	68,959	2,506	0	1,639	0	0	4,094	73,920
building improvements	4,879	273	0	193	0	0	0	4,959
leasehold improvements	0	0	0	0	0	0	0	0
heritage buildings	569	93	0	137	0	0	0	525
Total buildings	74,407	2,872	0	1,969	0	0	4,094	79,404
Total property	255,126	5,819	0	2,258	0	0	4,094	262,781
Plant and Equipment								
plant, machinery and equipment	11,448	2,291	0	2,129	935	0	0	10,675
fixtures, fittings and furniture	6,138	1,807	0	1,669	1,133	0	0	5,143
computers and telecommunications	857	544	0	297	0	0	0	1,104
leased plant and equipment	0	0	0	0	0	0	0	0
heritage plant and equipment	0	27	0	11	0	0	0	16
library books	0	0	0	0	0	0	0	0
Total plant and equipment	18,443	4,669	0	4,106	2,068	0	0	16,938
Infrastructure								
roads	168,216	3,579	0	6,728	0	0	2,047	167,114
bridges	4,153	368	0	244	0	0	682	4,959
footpaths and cycleways	9,417	207	0	829	0	0	0	8,795
drainage	38,302	2,213	0	644	0	0	0	39,871
recreational, leisure and community facilities	0	0	0	0	0	0	0	0
waste management	0	0	0	0	0	0	0	0
parks, open space and streetscapes	0	0	0	0	0	0	0	0
aerodromes	0	0	0	0	0	0	0	0
off street car parks	0	0	0	0	0	0	0	0
other <insert details>	0	0	0	0	0	0	0	0
Total infrastructure	220,088	6,367	0	8,445	0	0	2,729	220,739
Works in progress								
buildings	6,914	2,566	0	0	0	0	(4,095)	5,385
roads	2,998	1,740	0	0	0	0	(2,046)	2,692
bridges	998	581	0	0	0	0	(682)	897
Total works in progress	10,910	4,887	0	0	0	0	(6,823)	8,974
Total property, plant and equipment, infrastructure	504,567	21,742	0	14,809	2,068	0	0	509,432

(a) Impairment losses

Impairment losses are recognised in the income statement under other expenses.

Reversals of impairment losses are recognised in the income statement under other revenue.

Reference			2006	2005
AAS/AASB	Para		\$'000	\$'000
140	Note 25	Investment property		
		(insert details)		
		(provide a reconciliation of movements)	0	0
101, 138	Note 26	(a) Intangible assets		
		Software developed in-house	0	0
		Aged care bed licences	0	0
		Parking infringement system developed in-house	0	0
		(insert details)	0	0
			0	0
		(b) Biological assets		
		(insert details)	0	0
101	Note 27	Trade and other payables		
		Trade payables	4,234	4,135
		Net GST payable	264	258
		Accrued expenses	794	775
			5,292	5,168
101 LGR	Note 28 14(a)	Trust funds and deposits		
		Refundable building deposits	163	149
		Refundable contract deposits	225	240
		Refundable tender deposits	40	36
		Refundable civic facilities deposits	25	24
		Retention amounts	105	97
		Other refundable deposits	30	28
			588	574
		(Disclose the purposes for which trust funds are held and the nature of any restriction imposed on the manner in which these can be applied)		

Reference
AAS/AASB Para

Note 29 Provisions

		Annual leave	Long service leave	Landfill restoration	Other	Total
	2006	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
137	Balance at beginning of the financial year	2,409	4,553	0	1	6,963
137	Additional provisions	496	299	0	0	795
137	Amounts used	(303)	(492)	0	(1)	(796)
137	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	0	0	0	0	0
137	Balance at the end of the financial year	2,602	4,360	0	0	6,962

2005

	Balance at beginning of the financial year	2,220	4,440	0	1	6,661
	Additional provisions	483	292	0	0	775
	Amounts used	(294)	(179)	0	0	(473)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	0	0	0	0	0
	Balance at the end of the financial year	2,409	4,553	0	1	6,963

2006
\$'000

2005
\$'000

(a) Employee benefits

Current

Annual leave	2,602	2,409
Long service leave	1,090	1,138
Retirement gratuity	0	0
Superannuation	0	0
Other	0	0
	<u>3,692</u>	<u>3,547</u>

Non-current

Long service leave	3,270	3,415
Retirement gratuity	0	0
Superannuation	0	0
Other	0	0
	<u>3,270</u>	<u>3,415</u>

Aggregate carrying amount of employee benefits:

Current	3,692	3,547
Non-current	3,270	3,415
	<u>6,962</u>	<u>6,962</u>

The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity:

Weighted average increase in employee costs	4.50%	4.75%
Weighted average discount rates	5.23%	4.73%
Weighted average settlement period	12	12

(b) Provisions

<Insert relevant items>

Current	0	1
Non-current	0	0
Total	<u>0</u>	<u>1</u>

Reference		2006	2005
AAS/AASB	Para	\$'000	\$'000
101	Note 30 Interest-bearing loans and borrowings		
	Current		
	Bank overdraft	0	0
	Borrowings - secured	1,161	2,704
		<u>1,161</u>	<u>2,704</u>
	Non-current		
	Borrowings - secured	2,565	3,344
		<u>2,565</u>	<u>3,344</u>
	Total	<u>3,726</u>	<u>6,048</u>
	The maturity profile for Council's borrowings is:		
101	Not later than one year	1,161	2,704
	Later than one year and not later than five years	2,565	3,344
	Later than five years	0	0
		<u>3,726</u>	<u>6,048</u>
	Finance leases		
	Council had the following obligations under finance leases for the lease of equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):		
101	Not later than one year	0	0
	Later than one year and not later than five years	0	0
	Later than five years	0	0
	Minimum lease payments	<u>0</u>	<u>0</u>
	Less: Future finance charges	0	0
	Recognised in the balance sheet as:	<u>0</u>	<u>0</u>
	Current		
	Leases	0	0
	Non-current		
	Leases	0	0
	Total	<u>0</u>	<u>0</u>
	Aggregate carrying amount of interest-bearing loans and borrowings:		
	Current	1,161	2,704
	Non-current	2,565	3,344
		<u>3,726</u>	<u>6,048</u>

Reference
AAS/AASB Para

Note31 Reserves

		Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation of <name asset class> by an associate	Balance at end of reporting period	
		\$'000	\$'000	\$'000	\$'000	
101	(a)	Asset revaluation reserves				
		2006				
		Property				
		Land	38,418	3,549	0	41,967
		Land improvements	0	0	0	0
		Buildings	18,276	2,006	0	20,282
		Heritage buildings	0	0	0	0
			56,694	5,555	0	62,249
		Infrastructure				
		Roads	35,211	0	0	35,211
		Bridges	1,149	0	0	1,149
		Footpaths and cycleways	5,548	0	0	5,548
		Drainage	9,238	1,082	0	10,320
		Other infrastructure<insert details>	0	0	0	0
			51,146	1,082	0	52,228
		Total Asset revaluation reserves	107,840	6,637	0	114,477
		2005				
		Property				
		Land	38,418	0	0	38,418
		Land improvements	0	0	0	0
		Buildings	18,276	0	0	18,276
		Heritage buildings	0	0	0	0
			56,694	0	0	56,694
		Infrastructure				
		Roads	35,211	0	0	35,211
		Bridges	1,149	0	0	1,149
		Footpaths and cycleways	5,548	0	0	5,548
		Drainage	9,238	0	0	9,238
		Other infrastructure<insert details>	0	0	0	0
			51,146	0	0	51,146
		Total Asset revaluation reserves	107,840	0	0	107,840

<Provide a description of the nature and purpose of reserve>

		Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period	
		\$'000	\$'000	\$'000	\$'000	
101	(b)	Other reserves				
		2006				
		Resort and recreation reserve	11,369	0	0	11,369
		Total Other reserves	11,369	0	0	11,369
		2005				
		Resort and recreation reserve	11,369	0	0	11,369
		Total Other reserves	11,369	0	0	11,369

<Provide a description of the nature and purpose of reserve>

Reference AAS/AASB Para		2006 \$'000	2005 \$'000
	Note 32 Adjustments directly to equity		
	Impairment losses on revalued assets	0	0
	Reversal of impairment losses on revalued assets	0	0
	Adjustment on change in accounting policy	0	0
	Change arising from a change in restoration liability	0	0
	Gains (losses) from remeasuring available-for-sale financial assets to fair value:		
	Recognised during the year	0	0
	Removed and recognised in profit/loss	0	0
107	Note 33 Reconciliation of cash flows from operating activities to surplus (deficit)		
	Surplus(deficit) for the period	5,397	(2,556)
	Depreciation/amortisation	15,187	(14,809)
	(Profit)/loss on disposal of property, plant and equipment, infrastructure	(479)	(1,105)
	Impairment losses	0	0
	Other	0	0
	<i>Change in assets and liabilities:</i>		
	(Increase)/decrease in trade and other receivables	(375)	325
	Decrease in prepayments	0	0
	Increase/(decrease) in accrued income	0	0
	Increase/(decrease) in trade and other payables	124	105
	(Decrease)/increase in other liabilities	0	0
	(Increase)/decrease in inventories	0	0
	(Decrease) in provisions	(1)	(3)
	(insert other relevant items)	382	15
	Net cash provided by/(used in) operating activities	<u>20,235</u>	<u>(18,028)</u>
107	Note 34 Reconciliation of cash and cash equivalents		
	Cash and cash equivalents (see note 19)	18,254	18,033
	Less bank overdraft	0	0
		<u>18,254</u>	<u>18,033</u>
132	Note 35 Financing arrangements		
	Bank overdraft	5,000	5,000
	Used facilities	0	0
	Unused facilities	<u>5,000</u>	<u>5,000</u>
107	Note 36 Non-cash financing and investing activities		
	(Provide details)	<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>
27 90 LGLSL 18(2)	Note 37 Restricted assets		
	Council has cash and cash equivalents (note 19) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
	Long service leave (note 29)	4,148	4,502
	Reserve funds (note 31)	11,369	11,369
		<u>15,517</u>	<u>15,871</u>

* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 29 due to a different basis of calculation prescribed by the regulation.

Reference
AAS/AASB Para

119 Note 38 Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, each of which is funded differently. <Similar note to be included for any other funds>

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees (same as previous year);

The Fund's liability for accrued benefits was determined in the 31 December 2005 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-05 \$'000
Net Market Value of Assets	3,255,842
Accrued Benefits (per accounting standards)	3,118,911
Difference between Assets and Accrued Benefits	136,931
Vested Benefits	2,865,633

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	8.0% p.a.
Salary Inflation	5.5% p.a.
Price Inflation	3.0% p.a.

Details of contributions to superannuation funds during the year and contributions payable at 30 June are as follows:

	2006 \$'000	2005 \$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<>	<>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	<>	<>
Employer contributions to (insert details)	<>	<>

Reference
AAS/AASB Para

27 94 Note 39 Commitments
101, 116

The Council has entered into the following commitments

2006	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	169,932	143,075	99,970	26,676	439,653
Street cleaning services	0	0	0	0	0
Garbage collection	237,960	216,980	129,970	17,280	602,190
Refurbishment and alteration to council buildings	0	0	0	0	0
Open space management	147,336	65,519	65,029	0	277,884
Information systems & technology	0	0	0	0	0
Insurances	0	0	0	0	0
Home care services	141,438	0	0	0	141,438
Cleaning contracts for council buildings	106,836	106,836	160,254	0	373,926
Meals for delivery	27,533	0	0	0	27,533
Parking meter maintenance	0	0	0	0	0
Elections	0	0	0	0	0
Hard & green waste collection	0	0	0	0	0
Home maintenance services	0	0	0	0	0
Animal pound services	0	0	0	0	0
Total	831,035	532,410	455,223	43,956	1,862,624

116

Capital					
Buildings	1,060	0	0	0	1,060
Plant and equipment	0	0	0	0	0
Roads	2,063	0	0	0	2,063
Drainage	1,000	0	0	0	1,000
Total	4,123	0	0	0	4,123

2005	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	160,728	160,728	179,865	46,137	547,458
Street cleaning services	0	0	0	0	0
Garbage collection	197,712	197,712	230,742	47,337	673,503
Refurbishment and alteration to council buildings	0	0	0	0	0
Open space management	119,569	119,569	37,637	0	276,775
Information systems & technology	0	0	0	0	0
Insurances	0	0	0	0	0
Home care services	154,296	141,438	0	0	295,734
Cleaning contracts for council buildings	109,092	109,092	272,730	0	490,914
Meals for delivery	30,036	27,533	0	0	57,569
Parking meter maintenance	0	0	0	0	0
Elections	0	0	0	0	0
Hard & green waste collection	0	0	0	0	0
Home maintenance services	0	0	0	0	0
Animal pound services	0	0	0	0	0
Total	771,433	756,072	720,974	93,474	2,341,953

Capital					
Buildings	1,062	0	0	0	1,062
Plant and equipment	0	0	0	0	0
Roads	1,962	0	0	0	1,962
Drainage	900	0	0	0	900
Total	3,924	0	0	0	3,924

Reference			2006	2005
AAS/AASB	Para		\$'000	\$'000
117	Note 40	Operating lease commitments		
		At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
		Not later than one year	13,641	15,929
		Later than one year and not later than five years	12,185	25,826
		Later than five years	0	0
			<u>25,826</u>	<u>41,755</u>

137 **Note 41** **Contingent liabilities and contingent assets**

Contingent liabilities

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Council operates a landfill at <place>. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

<list other matters where appropriate>

Contingent assets

Developer contributions to be received in respect of estates currently under development total \$<> (2005, \$<>).

<list other matters where appropriate>

AAS/AASB

AAS/AASB

Para

132 Note 42

Financial Instruments
(a) Accounting Policy, terms and conditions

financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	19	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call deposits returned a floating interest rate of <>% (<>% in 2004/2005). The interest rate at balance date was <>% (<>% in 2004/2005). Funds returned fixed interest rate of between <>% (<>% in 2004/2005), and <>% (<>% in 2004/2005) net of fees. Managed fund provided return of % (%in 2004/2005) excluding unrealised gains/losses
Trade and other receivables			
Rates debtors	20	Rates are carried at nominal amounts due plus interest. Rate debts are a charge attached to the rateable land and are recoverable on sale, therefore, no provision for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by four instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was <>% (<>% in 2004/2005) at balance date for general rates. Interest rates charged for Special Rate and Private Street Schemes was <>% at balance date (<>% in 2004/2005).
Parking infringement debtors	20	PINs/PERIN Court debtors are measured at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	Parking infringements are unsecured. The provision for parking infringement doubtful debts is calculated as a percentage of total parking infringement revenue and has been evaluated and recognised based on previous payment and collection history.
Other debtors	20	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of <>% (<>% in 2004/2005). Credit terms are based on <> days.
Financial Liabilities			
Trade and other payables	27	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within <> days of invoice receipt.
Interest-bearing loans and borrowings	30	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principle amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is <>% during 2005/2006 (<>% in 2004/2005). As at balance date, the Council had finance leases with an average lease term of <> years. The weighted average rate implicit in the lease is <>% (<>% in 2004/2005).
Bank overdraft	30	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Interest rates on utilised overdraft were <>% during 2005/2006 (<>% in 2004/2005). The interest rate as at balance date was <>% (<> in 2004/2005).

Reference
AAS/AASB Para

Note 42 Financial instruments (cont.)

(b) Interest Rate Risk

132 The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2006

	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	8,200	10,000	0	0	54	18,254
Other financial assets	0	0	206	0	0	206
Trade and other receivables	3,287	0	0	0	2,192	5,479
Accrued income	0	0	0	0	0	0
Total financial assets	11,487	10,000	206	0	2,246	23,939
Weighted average interest rate	6.69%	5.65%				
Financial liabilities						
Trade and other payables	0	0	0	0	5,292	5,292
Trust funds and deposits	0	0	0	0	588	588
Interest-bearing loans and borrowings	0	1,161	2,565	0	0	3,726
Total financial liabilities	0	1,161	2,565	0	5,880	9,606
Weighted average interest rate		6.41%	6.20%	6.42%		
Net financial assets (liabilities)	11,487	8,839	(2,359)	0	(3,634)	14,333

2005

	Floating Interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	9,000	9,000	0	0	33	18,033
Other financial assets	0	0	202	0	0	202
Trade and other receivables	3,062	0	0	0	2,042	5,104
Accrued income	0	0	0	0	0	0
Total financial assets	12,062	9,000	202	0	2,075	23,339
Weighted average interest rate	6.89%	4.72%				
Financial liabilities						
Trade and other payables	0	0	0	0	5,168	5,168
Trust funds and deposits	0	0	0	0	574	574
Interest-bearing loans and borrowings	0	2,704	3,344	0	0	6,048
Total financial liabilities	0	2,704	3,344	0	5,742	11,790
Weighted average interest rate	3.00%	6.36%	6.38%	6.05%		
Net financial assets (liabilities)	12,062	6,296	(3,142)	0	(3,667)	11,549

Reference
AAS/AASB Para

Note 42 Financial instruments (cont.)

132 (c) **Net Fair Values**

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount as per		Aggregate net fair value	
	Balance Sheet			
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<i>(1) Financial assets</i>				
Cash and cash equivalents	18,254	18,033	18,254	18,033
Other financial assets	206	202	206	202
Trade and other receivables	5,479	5,104	5,479	5,104
Accrued income	0	0	0	0
<i>Total financial assets</i>	<u>23,939</u>	<u>23,339</u>	<u>23,939</u>	<u>23,339</u>
<i>(2) Financial liabilities</i>				
Trade and other payables	5,292	5,168	5,292	5,168
Trust funds and deposits	588	574	588	574
Interest-bearing loans and borrowings	3,726	6,048	3,814	6,121
<i>Total Financial liabilities</i>	<u>9,606</u>	<u>11,790</u>	<u>9,694</u>	<u>11,863</u>

(d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

101	5.3	Note 43 Auditors' remuneration	2006 \$'000	2005 \$'000
		Audit fee to conduct external audit - Victorian Auditor-General	55	52
		Internal audit fees - <name of external provider>	39	36
		Fees for other services provided by internal auditor	0	0
			<u>94</u>	<u>88</u>

110 5.1 **Note 44 Events occurring after balance date**

(include relevant details)

Reference
AAS/AASB Para

LGD 5 Note 45 Related party transactions
22

(i) **Responsible Persons**

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors Councillor <> (Mayor <>18/04 to current)
Councillor <> (Mayor 01/07/05 to <>11/04)
Councillor <> (Councillor 01/07/05 to <>11/04)
Councillor <>
Councillor <>
Councillor <>
Councillor <> (Councillor <>11/04 to current)
Councillor <>
Councillor <>

Chief Executive Officer <name>

(ii) **Remuneration of Responsible Persons**

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2006	2005
	No.	No.
\$1 - \$ 9,999	0	0
\$10,000 - \$19,999	1	0
\$20,000 - \$29,999	6	7
\$30,000 - \$39,999	1	2
\$40,000 - \$49,999	2	1
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	1	1
	12	12
	\$'000	\$'000

Total Remuneration for the reporting year for Responsible Persons included above amounted to:

<> <>

(iii) No retirement benefits have been made by the Council to a Responsible Person.

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2004/05, <>).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2004/05, <>).

LGA 3 (1) (vi) **Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$100,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2006	2005
	No.	No.
Income Range:		
<\$100,000	2	2
\$100,000 - \$109,999	1	3
\$110,000 - \$119,999	2	1
\$120,000 - \$129,999	2	1
\$130,000 - \$139,999	0	1
\$140,000 - \$149,999	1	0
	8	8
	\$'000	\$'000

Total Remuneration for the reporting year for Senior Officers included above, amounted to

<> <>

Reference			
AAS/AASB	Para	Note	46
LGR	14(c)		
131			
27	86, 87	Note	47

Joint venture information
Disclose all assets and liabilities committed to joint venture activities.

Income, expenses and assets by function/activities

	City Development Division		Finance and Business Development Division		Community Development Division		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Grants	15,275	12,150	3,725	2,850	2,000	1,500	21,000	16,500
Other	25,045	23,905	21,915	20,917	15,653	14,941	62,613	59,762
TOTAL	<u>40,320</u>	<u>36,055</u>	<u>25,640</u>	<u>23,767</u>	<u>17,653</u>	<u>16,441</u>	<u>83,613</u>	<u>76,262</u>
EXPENSES	(31,286)	(31,527)	(27,376)	(27,586)	(19,554)	(19,705)	(78,216)	(78,818)
SURPLUS (DEFICIT) FOR THE YEAR	<u>2,159</u>	<u>(1,022)</u>	<u>1,889</u>	<u>(895)</u>	<u>1,349</u>	<u>(639)</u>	<u>5,397</u>	<u>(2,556)</u>
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	<u>217,048</u>	<u>213,108</u>	<u>189,917</u>	<u>186,470</u>	<u>135,655</u>	<u>133,193</u>	<u>542,620</u>	<u>532,771</u>

*Assets have been attributed to functions/activities based on the control and/or custodianship of specific
<Revise to reflect own circumstance>

City Development Division

The City Development Division is responsible for protecting and enhancing and developing the Council's social and physical environment. The broad objective will be achieved primarily through planning, coordination and delivery of a diverse range of high quality, cost-efficient community and environmental services which are responsive to the needs of residents and other service users.

The Division includes the following branches :

City infrastructure	Access
Urban planning	Environmental services

Finance and Business Development Division

The Finance and Business Development Division is responsible for providing a range of strategic and operational financial services to business units and to the Council as a whole.

The Division includes the following Branches

Information Systems	Governance
Assets	Business Development
Financial Services	

Community Development Division

The Community Development Division promotes and enhances community wellbeing through funding programs, advocacy, service provision, community partnerships and regulatory activity.

The Division includes the following Branches :

Organisational Development	Aged Services
City Safe	Community Wellbeing
Family Services	

Reference
AAS/AASB Para
LGR 15

Note 48 Financial ratios (Performance indicators)

2006 \$'000	2006 (%)	2005 \$'000	2005 (%)	2004 \$'000	2004 (%)
----------------	-------------	----------------	-------------	----------------	-------------

(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)

<u>Debt servicing costs</u>	247	=	0.30%	<u>320</u>	=	0.43%	<u>297</u>	=	0.42%
Total revenue	83,134			75,157			71,234		

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) Debt commitment ratio (to identify Council's debt redemption strategy)

<u>Debt servicing & redemption costs</u>	2,937	=	6.35%	<u>1,481</u>	=	3.42%	<u>1,746</u>	=	4.16%
Rate revenue	46,273			43,357			41,923		

The strategy involves the payment of loan principal and interest, finance lease principal and interest.

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

(c) Revenue ratio (to identify Council's dependence on non-rate income)

<u>Rate revenue</u>	46,273	=	55.66%	<u>43,357</u>	=	57.69%	<u>41,923</u>	=	58.85%
Total revenue	83,134			75,157			71,234		

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

(d) Debt Exposure Ratio (to identify Council's exposure to debt)

<u>Total indebtedness</u>	12,420	=	4.06%	<u>14,251</u>	=	4.82%	<u>17,365</u>	=	7.19%
Total realisable assets	305,802			295,620			241,659		

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 37) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.

Reference
AAS/AASB Para
LGR 15

Note 48 Financial ratios (Performance indicators) (cont.)

2006	2006	2005	2005	2004	2004
\$'000	(%)	\$'000	(%)	\$'000	(%)

(e) Working Capital Ratio (to assess Council's ability to meet current commitments)

<u>Current assets</u>	23,727	=	221.07%	<u>23,132</u>	=	192.86%	<u>23,003</u>	=	209.73%
Current liabilities	10,733			11,994			10,968		

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Other ratios to be included where appropriate

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), the <entity> has prepared and presented its first financial report and other accountability statements in compliance with AIFRS framework for the financial year ended 30 June 2006.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The <entity> has analysed its purpose, objectives, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the <entity> has elected to apply options and exemptions within the AIFRS that are applicable to not-for-profit entities.

With certain exceptions, the <entity> has recorded transactions and events as though AIFRS had always applied. This practice has extended to any comparative information included within the financial report. Most accounting policy adjustments arising from the first time adoption of AIFRS apply retrospectively and have been adjusted against the balance of accumulated funds at 1 July 2004, being the opening balance sheet date for the comparative period.

Reconciliations of AIFRS profit or loss, balance sheet and equity for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in the tables below.

Table 1: Reconciliation of profit or loss as presented under previous Australian GAAP to that under AIFRS

	Note	30 JUNE 2005 \$'000
Profit or loss as reported under previous Australian GAAP		(2,556)
<u>AIFRS impact on income</u>		
Proceeds from sale of property, plant and equipment, infrastructure	(k)	(3,174)
Net gain(loss) on disposal of property, plant and equipment, infrastructure	(k)	1,105
Error in prior year	(j)	(333)
<u>AIFRS impact on expenses</u>		
Employee benefits	(c)	4
Depreciation and amortisation	(d)	(9)
Depreciation and amortisation	(b)	(5)
Depreciation and amortisation	(e)	1
Depreciation and amortisation	(a)	5
Finance costs (Interest expense)	(b)	(3)
Finance costs (Interest expense)	(d)	(7)
Written down value of assets sold	(k)	2,069
Cost of goods distributed	(f)	(12)
Operating leases	(d)	16
Total AIFRS impact on profit or loss		<u>(343)</u>
Net profit or loss under AIFRS		<u>(2,899)</u>

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)

Table 2: Reconciliation of total assets and total liabilities as presented under previous Australian GAAP to that under AIFRS

	Note	30 JUNE 2005 \$'000	1 JULY 2004 \$'000
Total assets under previous Australian GAAP		532,771	534,771
<u>AIFRS impact on assets</u>			
Inventories held for distribution	(f)	12	12
Property, plant and equipment, infrastructure	(i)	(204)	(204)
Property, plant and equipment, infrastructure	(e)	(6)	(6)
Property, plant and equipment, infrastructure	(h)	(11,111)	(11,111)
Property, plant and equipment, infrastructure	(a)	(25)	(25)
Property, plant and equipment, infrastructure	(b)	18	18
Property, plant and equipment, infrastructure	(a)	5	5
Intangible assets	(i)	204	204
Investment properties	(h)	11,111	11,111
Non-current assets held for sale	(e)	6	6
Non-current assets held for sale	(e)	1	1
Lease assets	(d)	63	63
Total AIFRS impact on assets		<u>74</u>	<u>74</u>
Total assets under AIFRS		<u>532,845</u>	<u>534,845</u>
Total liabilities under previous Australian GAAP		18,753	18,197
<u>AIFRS impact on liabilities</u>			
Provision for employee entitlements - current	(c)	(42)	(42)
Provision for employee entitlements - non current	(c)	38	38
Provision for restoration	(b)	26	26
Lease liabilities	(d)	63	63
Total AIFRS impact on liabilities		<u>85</u>	<u>85</u>
Total liabilities under AIFRS		<u>18,838</u>	<u>18,282</u>

Reference
AAS/AASB Para

Table 3: Reconciliation of equity as presented under previous Australian GAAP to that under AIFRS

	Note	30 JUNE 2005 \$'000	1 JULY 2004 \$'000
Total equity under previous Australian GAAP		514,018	516,574
<u>AIFRS impact on equity</u>			
Error correction prior year	(j)	(333)	(333)
Accumulated surplus	(c)	4	4
Accumulated surplus	(a)	(25)	(25)
Accumulated surplus	(a)	5	5
Accumulated surplus	(f)	(12)	(12)
Accumulated surplus	(b)	(8)	(8)
Accumulated surplus	(e)	1	1
Total AIFRS impact on equity		<u>(368)</u>	<u>(368)</u>
Total equity under AIFRS		<u>513,650</u>	<u>516,206</u>

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)

Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRSs and the cash flow statement presented under previous Australian GAAP.

Explanatory Notes:

(a) Impairment of assets

Impairment testing was conducted on transition date, 1 July 2004, which indicated an impairment loss of \$25,000 relating to <>. This impairment loss has been adjusted against accumulated funds and the carrying amount of the impaired assets on that date. As a consequence, depreciation expense for the year ended 30 June 2005 decreased by \$5,000. An impairment loss of \$25,000 was also recognised in respect of plant and equipment for the financial year ended 30 June 2005.

(b) Property, plant and equipment, infrastructure

When an asset is initially recognised, AASB 116 *Property, Plant and Equipment* requires the capitalisation of costs of dismantling and removing an asset and restoring the site on which the asset was created, together with the recognition of a provision determined at present value in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Consequently, there was an increase in depreciation expense as a result of the increase in the carrying amount of the asset and an interest expense was incurred as the present value discount on the dismantling and restoration provision unwinds.

The impact of this change resulted in an increase to the carrying amount of the asset of \$18,000 and the recognition of a provision of \$26,000 as at 30 June 2005. Accordingly, depreciation expense and interest expense increased by \$5,000 and \$3,000 respectively for the year ended 30 June 2005.

(c) Employee benefits

AASB 119 *Employee Benefits* requires liabilities for short-term employee benefits to be measured at nominal amounts and liabilities for long-term employee benefits to be measured at present value. AASB 119 defines short-term employee benefits as benefits that fall due wholly within twelve months after the related period of service. Therefore, liabilities for short-term employee benefits are measured at present value where they are not expected to be settled within 12 months of the reporting date.

The effect of the above requirement on the <entity>'s Balance Sheet as at 30 June 2005 was a decrease in employee benefits liability of \$4,000. For the year ended 30 June 2005, employee benefits expense decreased by \$4,000 as the present value discount on the liabilities for long-term employee benefits unwinds.

Reference
AAS/AASB Para

Note 2 **First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)**

(d) **Finance leases**

On adoption of AIFRS, the lease asset and lease liability recognised is equal to the lower of the present value of minimum lease payments and fair value of the leased asset. In those cases where the present value of the minimum lease payments exceeds the fair value of the leased asset there is a need to adjust the <entity>'s lease assets and liabilities at the date of transition.

The impact of this change in accounting policy resulted in an increase to the <entity>'s lease assets and lease liabilities of \$63,000 and \$63,000 respectively as at 30 June 2005. On the Income Statement, expenditure on operating leases <(which forms part of <> expense)> decreased by \$16,000, offset by an increase in depreciation and amortisation expense of \$9,000 and an increase in interest costs of \$7,000 for the financial year ended 30 June 2005.

(e) **Non-current assets held for sale**

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* requires an entity to classify a non-current asset as held for sale if its carrying amount will be recovered principally through its sale rather than through continued use. A non-current asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. In addition, depreciation ceases when an asset has been classified as held for sale.

The effect of this change in accounting policy resulted in the reclassification of <> from "Property, plant and equipment, infrastructure" to "Non-current assets held for sale" and an adjustment to the Balance Sheet of \$1,000 as at 30 June 2005. Depreciation expense decreased by \$1,000 in the Income Statement for the year ended 30 June 2005.

(For entities that have reclassified only non-depreciable assets as held for sale, the following paragraph may be appropriate)

The effect of this change in accounting policy resulted in the reclassification of assets [specify] from "[appropriate line item]" to "Non-current assets held for sale". The reclassification did not have a material impact on the financial statements.

(f) **Inventories held for distribution**

AIFRS requires costs of goods and services to be distributed for no consideration or at a nominal amount to be capitalised as inventories held for distribution and expensed when distributed. Inventories held for distribution are measured at the lower cost and current replacement cost. Inventories held for distribution on hand as at the transition date was brought to account for the first time with the resulting adjustment against accumulated surplus. Inventories other than inventories held for distribution continue to be measured at the lower of cost and net realisable value.

The effect of the above requirement on the Balance Sheet as at 30 June 2005 was an increase in Inventories held for distribution of \$12,000 and an increase in the cost of goods and services distributed of \$12,000 for the year ended 30 June 2005.

(g) **Financial instruments**

The <entity> has elected to apply the first-time adoption exemption available under AASB 1 *First-time adoption of Australian Equivalent to International Financial Reporting Standards* to defer the date of transition of AASB 139 *Financial Instruments: Recognition and Measurement* until 1 July 2005. Accordingly, there is no quantitative impact on the balance sheet as at 1 July 2004 and 30 June 2005 and the income statement for the year ended 30 June 2005.

With the exception of receivables and payables, the majority of financial assets and liabilities held by the <entity> are valued in the Balance Sheet at market value with changes in value taken to the Income Statement. On adoption of AIFRS, there was no significant change in recognition of these assets and liabilities.

Reference
AAS/AASB Para

Note 2 First-time adoption of Australian equivalents to International Financial Reporting Standards (cont.)

(h) Investment properties

Under AIFRS, Investment properties are classified separately from property, plant and equipment, infrastructure. The effect of this requirement on the Balance Sheet as at 30 June 2005 was an increase in investment properties and a decrease in property, plant and equipment, infrastructure of \$11,111,000.

(i) Under AASB 138 Intangible Assets, computer software of \$204,000 is an intangible asset and has been reclassified from property, plant and equipment, infrastructure.

(j) Prior year errors under AIFRS are adjusted against opening accumulated surplus rather than being recorded previously as a revenue or expense item. The prior year error of \$333,000 has been adjusted against Accumulated surplus with a corresponding decrease in revenue.

(k) AIFRS requires disclosure of the net gain(loss) on disposal on property, plant and equipment, infrastructure. The effect of this requirement on the Income Statement for the year ended 30 June 2005 was a reduction in income for the proceeds of sale of \$3,174,000, a reduction in expenses for the written down value of assets sold of \$2,069,000, and an increase in income for the net gain on disposal of \$1,105,000.

AASB 5

[Extracts]

PARA**NON-CURRENT ASSETS HELD FOR SALE**

- 6 An entity shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.
- 7 For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.
- 8 For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.
- 9 Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

[GO BACK TO NOTE 1 \(v\)](#)

[GO BACK TO NOTE 23](#)

AASB 107

[Extracts]

PARA**CASH FLOW STATEMENTS**

- 6 Cash comprises cash on hand and demand deposits.
- Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- Cash flows are inflows and outflows of cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the contributed capital and borrowings of the entity.
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- 7 Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares acquired within a short period of their maturity and with a specified redemption date.

[GO BACK TO CASH FLOW STATEMENT](#)

[GO BACK TO NOTE 1 \(h\)](#)

GO BACK TO NOTE 19

AASB 116

PARA

PROPERTY, PLANT AND EQUIPMENT

[Extracts]

6 *Carrying amount* is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Entity-specific value is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

An *impairment loss* is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Property, plant and equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

Recoverable amount is the higher of an asset's net selling price and its value in use.

The *residual value* of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful life is:

- (a) the period over which an asset is expected to be available for use by an entity; or
- (b) the number of production or similar units expected to be obtained from the asset by an entity.

GO BACK TO NOTE 1 (g)

GO BACK TO NOTE 24

Accounting Guide

[Extracts]

3. How to account after acquisition

3.1 Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (AASB 116.6). The depreciable amount is the acquisition cost, or other amount substituted for cost, less residual value. Depreciable assets have finite lives.

As the cost of the asset is allocated over time its carrying amount decreases. This lower amount is often called the asset's written down value (WDV). The difference between the initial carrying amount and the written down value is called "accumulated depreciation".

The amount of cost allocated is the difference between the cost of acquisition and the "residual value" of the asset or component. This difference is called the "depreciable amount".

Depreciable amount = Acquisition cost less residual value

The depreciation charge calculated each year is treated as an expense. It forms part of the cost of operations and contributes directly to the net annual operating result.

Including part of the acquisition cost of an asset as an expense in each year subsequent to its acquisition through depreciation allows an entity to determine whether its revenues are sufficient to cover all of its operating costs, including the acquisition cost of the asset.

The annual depreciation expense does not represent a cash outflow in that year – the cash outflow occurred when the asset was acquired. It also is not an indication of how much is needed to be spent on future asset acquisition (replacement or renewal) or on asset maintenance.

The annual depreciation expense is often compared to annual outlays on capital acquisition to give an indication of the quantum of the gap between the actual and required levels of renewal of existing assets. Such raw comparisons (even over a number of years) are not a good measure of the renewal gap. For example, capital expenditure will include not just asset renewals but also upgraded or extended assets.

extended assets.

3.1.1 Useful life

The useful life of an asset or part of an asset is the period over which an asset is expected to be available for use by an entity. It is therefore determined by the entity using it. The useful life to the entity may differ from the asset's potential physical life or economic life. For example, local governments may renew road assets when they reach a certain condition rating, notwithstanding that they could continue to be used. Alternatively, the local government may continue to use a road past the point when it would be optimum to renew it, due to resource constraints.

Useful life may be measured in terms of duration (the period over which an asset or component will be used) or usage (the expected capacity or outputs it will produce).

For most infrastructure assets duration will be the appropriate basis for measuring useful life.

Financial reporting standards require the useful life of an asset to be reviewed at least at the end of each reporting period, and, if expectations differ from previous estimates, the change in useful life is to be accounted for as a change in an accounting estimate.

How to estimate useful life

The long-lived and complex nature of infrastructure assets makes the reliable estimation of useful life difficult.

One relevant source of data is historic records of the current age of existing assets and the achieved ages of assets that have been replaced. However, this data may not be available either because of past poor record keeping practices or because certain assets have not completed a full life-cycle and have not needed to be renewed.

Asset condition data is therefore required in many cases, to either complement historic data, or as a surrogate.

Condition data can be used to determine remaining useful life (i.e. when an asset or component is likely to be replaced). It can also be used to confirm current estimates of total expected useful life, based on the expected rate of deterioration of an asset or component.

Systematically capturing condition data over a number of years on a consistent basis will allow also local governments to better understand the actual rate of degradation or deterioration of their infrastructure assets. The actual rate of degradation should be compared to the expected rate to determine whether current estimates of total and remaining useful life remain valid.

Useful life by component

Where an asset, such as a sealed road, consists of a number of major components, it is desirable to initially establish useful lives for each component.

For example, road seals typically have significantly shorter lives than pavements. By contrast road formations (earthworks) may have indefinite lives. A similar approach can be applied to drainage, where pits and pipes may have different useful lives; and to buildings, where plant such as lifts and air conditioning may be replaced during the building's life.

3.1.2 Residual value

The residual value of an asset is the estimated amount that would be obtained today from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Consideration needs to be given to salvage or scrap value as well as to second hand market values. It may be the case that future residual values could be higher than the current carrying amount of an asset. But it is also likely that the residual value, calculated based on today's prices but for the asset at the age and in the condition it would be when it is disposed of, will be less than its current carrying amount.

Where the residual value of an asset does increase to an amount equal to or greater than the asset's carrying amount the depreciation charge is zero unless and until its residual value subsequently decreases to an amount below its carrying amount.

In practice, the residual value of many assets or component is often insignificant and therefore immaterial in the calculation of the depreciable amount.

Infrastructure assets

For infrastructure assets the concept of residual value can be problematic, especially where the asset is renewed or replaced. The difficulty arises because the costs incurred in renewal (commonly called the "brownfield" costs) are often significantly different from than the costs incurred during initial construction (commonly called the "greenfield" costs).

The cost of renewal will include new and relatively higher costs that arise from factors that were not present when the asset was originally constructed. These costs include relocation of services, removal and restoration of 'improvements' erected over the assets, traffic control and increased workplace safety requirements.

Such costs are excluded from the determination of replacement cost.

However, some of the "brownfield" costs incurred in renewal will also be relatively less than those incurred in original construction. In the case of roads, the initial earthworks required to create the road formation will not need to be re-done on renewal, achieving a significant saving when compared to a greenfield site.

Closer consideration of the difference in these costs shows that a large part of the difference arises because certain components are not replaced when an asset is renewed.

The difference between the initial greenfield costs on acquisition and the expected brownfield costs on renewal is often used as a proxy for the residual value of the existing asset.

It is preferable, as with the estimates of useful lives, to also separately determine residual values for

It is preferable, as with the estimates of useful lives, to also separately determine residual values for each asset component.

In the case of roads it is likely that many if not most road formations (earthworks) will have an indefinite life and hence will not be depreciated. Alternatively, if road formations are considered to have a finite life, this could be expected to be very long, for example when compared to the life of the pavement. In either case the issue of a residual value is either not relevant or likely to be immaterial.

Road seals generally would have no or little residual value at the end of their lives, their original cost would be fully depreciated over their lives.

Road pavements or sub-grades may be considered to have a proxy "residual" value in terms of the in-situ material from which they were constructed being able to be re-used in re-constructing or rehabilitating the pavement.

In this case the "residual" value of the in-situ pavement materials would be costed into the new pavement – the combined value of the residual value and the brownfield costs potentially being equivalent, or close to, the greenfield replacement cost of that component.

3.1.3 Basis of allocation of depreciation

Once the depreciable amount has been determined by reference to the asset's or its component's residual values; and the useful life has been determined by reference to the expected life of the asset or component to the entity; the amount of depreciation that is charged as an expense each year has to be determined.

The method of allocating the depreciable amount over the useful life of the asset is required by the accounting standards to reflect the pattern of consumption of the economic benefits (or service potential) embodied in the asset.

Infrastructure assets

The pattern of consumption of economic benefits of an infrastructure asset depends critically on what service it is providing and how this is measured. As discussed above, duration is the appropriate method for setting useful life because there is no reliably measurable concept of "unit of output" that can be usefully applied to most infrastructure assets. This requires the depreciation method applied to determine an amount of depreciation per unit time.

There are only two possible solutions – fixed or varying allocations per unit time.

Fixed allocations per unit time are called "straight-line" depreciation methods. These assume that the economic benefits embodied in the asset or the component are consumed evenly over its useful life.

Time varying allocations imply that the consumption of economic benefits vary with time. This requires a systematic basis for determining how the pattern of consumption changes with time. It is argued that asset condition data can sometimes be used to indicate how the economic benefits embodied in an asset are being consumed over time. However, this requires there to be equivalence between condition and economic benefit – for example, that an asset in good condition uses up less economic benefit per unit of time than one in poor condition.

As discussed previously, condition data is used primarily to determine remaining life (duration) to renewal or replacement. It is also used over time to verify or vary initial estimates of total useful life by comparing the actual rate of degradation with the expected or planned rate. It is not clear however, that an asset rated in good condition at one point in time and the same asset later rated in fair condition provides any less or more economic benefit per unit time. A trafficable road in the first year of its life can be argued to provide the same service potential in its 50th year of life – it allows commuters to get safely from A to B.

Consequently, methods that vary depreciation over time to reflect an asset's condition require a clear rationale and demonstrable explicit linkages to the rate of consumption of economic benefits.

Property assets

Similar issues of allocation methods arise for property assets. While land is non-depreciable, land improvements and buildings have finite lives.

In most circumstances straight-line allocation of depreciation is likely to be the best approximation of its consumption of economic benefits.

Plant and equipment

It may be possible to determine time-varying bases of allocation for certain plant and equipment.

For example, actual machine hours used in a year could be compared to total expected machine hours to determine the depreciation charge. Alternately, diminishing value methods may be relevant which result in a decreasing annual depreciation charge over the useful life.

[GO BACK TO NOTE 1 \(d\)](#)

PARA **IMPAIRMENT OF ASSETS**

- 6 An *active market* is a market in which all the following conditions exist:
- (a) the items traded within the market are homogeneous;
 - (b) willing buyers and sellers can normally be found at any time; and
 - (c) prices are available to the public.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset excluding finance costs.

Depreciable amount is the cost of an asset, or other amount substituted for cost in the financial report, less its residual value.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.[1]

- [1] In the case of an intangible asset, the term 'amortisation' is generally used instead of 'depreciation'. The two terms have the same meaning.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An *impairment loss* is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The *recoverable amount* of an asset is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Value in use is the present value of the future cash flows expected to be derived from an asset.

- Aus6.1 In respect of not-for-profit entities, value in use is depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

- Aus6.2 A *not-for-profit entity* is an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent and each of the entities that it controls.

Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

4.3 Asset impairment

Whether an asset is subsequently measured at cost or is revalued to fair value, the accounting standards require that any "impairment loss" be recognised and also deducted from the carrying amount of the asset.

An asset is impaired when its carrying amount exceeds its recoverable amount. AASB 136 *Impairment of assets* provides that where there are indications of impairment, an asset's "recoverable amount" must be determined. If the recoverable amount is less than the asset's carrying amount, the carrying amount of the asset must be reduced to its recoverable amount.

The recoverable amount is the higher of an asset's:

- fair value less cost to sell, or
- its "value in use."

4.3.1 Value in use

4.3.1 value in use

For local governments "value in use" is deemed to be depreciated replacement cost for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, and where the local government would, if deprived of the asset, replace its remaining future economic benefits.

Infrastructure assets are typical examples of such assets. Where infrastructure assets are already measured at their depreciated replacement cost the impairment standard has no practical application.

The same principle can be extended prima facie to certain property assets or combinations of property assets (cash generating units) that generate cash inflows but that do not generate net cash inflows.

Such assets could include leisure centres, landfills, saleyards and caravan parks. The prime test is not necessarily whether these assets generate a commercial return, but what is the purpose and intent of the local government in owning and operating such assets. If assets are held primarily for social or strategic purposes and not for the generation of net cash inflows, it is more likely they will be subject to the deeming provisions of the accounting standards.

For other property assets, value in use is the present value of the future cash flows expected to be derived from the asset (or cash-generating unit).

[GO BACK](#)

PARA INTANGIBLE ASSETS

- 8 An *active market* is a market in which all the following conditions exist:
- (a) the items traded in the market are homogeneous;
 - (b) willing buyers and sellers can normally be found at any time; and
 - (c) prices are available to the public.

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An *asset* is a resource:

- (a) controlled by an entity as a result of past events; and
- (b) from which future economic benefits are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised in the balance sheet after deducting any accumulated amortisation and accumulated impairment losses thereon.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Entity-specific value is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.

Fair value of an asset is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

An *impairment loss* is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An *intangible asset* is an identifiable non-monetary asset without physical substance.

Monetary assets are money held and assets to be received in fixed or determinable amounts of money.

The *residual value* of an intangible asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful life is:

- (a) the period over which an asset is expected to be available for use by an entity; or
- (b) the number of production or similar units expected to be obtained from the asset by an entity.

- 12 An asset meets the identifiability criterion in the definition of an intangible asset when it:
- (a) is separable, that is, is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
 - (b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
- 21 An intangible asset shall be recognised if, and only if:
- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
 - (b) the *cost* of the asset can be measured reliably.
- 22 An entity shall assess the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the *useful life* of the asset.

GO BACK

PARA INVESTMENT PROPERTY

5 *Carrying amount* is the amount at which an asset is recognised in the balance sheet.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.

7 Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process. AASB 116 Property, Plant and Equipment applies to owner-occupied property.

8 The following are examples of investment property:

- (a) land held for long-term capital appreciation rather than for short-term sale in the ordinary course of business;
- (b) land held for a currently undetermined future use (if an entity has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- (c) a building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases; and
- (d) a building that is vacant but is held to be leased out under one or more operating leases.

9 The following are examples of items that are not investment property and are therefore outside the scope of this Standard:

(a) property intended for sale in the ordinary course of business or in the process of construction or development for such sale (see AASB 102 Inventories), for example, property acquired exclusively with a view to subsequent disposal in the near future or for development and resale;

(b) property being constructed or developed on behalf of third parties (see AASB 111 Construction Contracts);

(c) owner-occupied property (see AASB 116), including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;

(d) property that is being constructed or developed for future use as investment property. AASB 116 applies to such property until construction or development is complete, at which time the property becomes investment property and this Standard applies. However, this Standard applies to existing investment property that is being redeveloped for continued future use as investment property and

(e) property that is leased to another entity under a finance lease.

Aus9.1 In respect of not-for-profit entities, property may be held to meet service delivery objectives rather than to earn rental or for capital appreciation. In such situations the property will not meet the definition of investment property and will be accounted for under AASB 116, for example:

(a) property held for strategic purposes; and

(b) property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property.

16 Investment property shall be recognised as an asset when, and only when:

(a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and

(b) the *cost* of the investment property can be measured reliably.

**Accounting
Guide**

[Extracts]

The accounting standard AASB 140 *Investment Property* for example requires that property (land and/or buildings) held for investment purposes is accounted for and disclosed as a separate class of assets from other property. Examples of investment property in the local government context may include off street car parks, aerodromes, caravan parks, markets and saleyards. However, whether these examples are in fact investment properties depends on the particular purpose and use by each local government.

[GO BACK TO NOTE 1 \(w\)](#)

[GO BACK TO NOTE 25](#)

14 Notes to financial statements

In addition to any matters required by AAS, the financial statements must disclose by way of note the following information for the financial year to which the financial statements relate-

- (a) the amounts of money and assets held in trust, the purposes for which they are held and the nature of any restrictions imposed on the way in which the money and assets can be applied;