
**BELYUEN COMMUNITY
GOVERNMENT COUNCIL**

General Purpose Financial Report
For the year ended 30 June 2020

BELYUEN COMMUNITY GOVERNMENT COUNCIL

General Purpose Financial Report
For the year ended 30 June 2020

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Independent auditor's report to the members of Belyuen Community Government Council

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the accompanying general purpose financial report of Belyuen Community Government Council ("the Council"), which comprises the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the CEO's Certificate.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial report presents fairly, in all material respects, the financial position of Belyuen Community Government Council as of 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act and Regulations 2008*.

Basis for Qualified Opinion

As is common for organisations of this type, the Council has determined that it is not practical to establish an efficient system of controls over store sales and repairs to vehicle/equipment revenue. Accordingly, as the evidence available to us regarding these sources of revenue was limited, our audit procedures with respect to these sources had to be restricted to the amounts recorded in the financial records. We therefore are unable to confirm that the store sales and repairs to vehicle/equipment revenue recorded by the Council is complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the Northern Territory Local Government Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the 'Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to statement of profit or loss and other comprehensive income and Note 5 in the financial report, which indicates that the Council incurred a net loss of \$91,688 during the year ended 30 June 2020 and, as of that date, the Council's unrestricted cash balance had a deficit of \$217,958. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Council's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The Responsibility of the Chief Executive Officer and Those Charged with Governance for the Financial Report

The Chief Executive Officer (“CEO”) of the Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Northern Territory Local Government Act, and for such internal control as the CEO determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Council’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Council’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Merit Partners



Matthew Kennon
Director

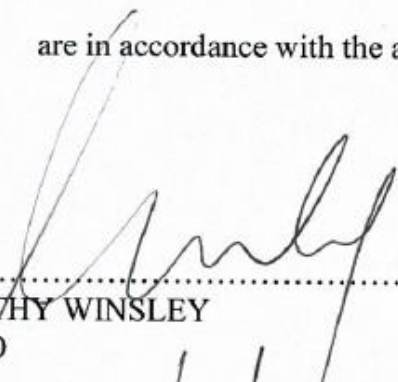
Darwin
28 October 2020

BELYUEN COMMUNITY GOVERNMENT COUNCIL

CEO'S CERTIFICATE

I, Cathy Winsley, the CEO of Belyuen Community Government Council certify that the annual financial statements:

- (a) the Financial Statements have been properly drawn up in accordance with the applicable Australian Accounting Standards, the Local Government Act, and the Local Government (Accounting) Regulations and Australian Accounting Standards so as to present fairly the financial position of the Council and the results for year ended 30 June 2020, and;
- (b) are in accordance with the accounting and other records of the Council.


.....
CATHY WINSLEY
CEO

DATE: 28/10/20

BELYUEN COMMUNITY GOVERNMENT COUNCIL**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$	2019 \$
OPERATING REVENUES			
Interest	3(b)	12	25
Grants & Contributions provided for Operating Purposes	3(a)	938,543	966,019
Other Operating Revenue	3(c)	1,964,575	1,632,744
TOTAL OPERATING REVENUES		2,903,130	2,598,788
OPERATING EXPENSES			
Employee Costs	4(a)	(1,068,165)	(988,596)
Depreciation	4(b)	(200,706)	(212,703)
Other Operating Expenses	4(c)	(1,725,947)	(1,534,938)
TOTAL OPERATING EXPENSES		(2,994,818)	(2,736,237)
OPERATING (LOSS) / PROFIT BEFORE OTHER COMPREHENSIVE INCOME		(91,688)	(137,449)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR		(91,688)	(137,449)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

BELYUEN COMMUNITY GOVERNMENT COUNCIL**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	5	658,922	540,485
Trade and other receivables	6	88,270	31,451
Other current assets	7	140,217	101,725
Inventory	8	46,106	35,839
TOTAL CURRENT ASSETS		933,515	709,500
NON CURRENT ASSETS			
Property, plant and equipment	9	1,424,271	1,519,377
TOTAL NON CURRENT ASSETS		1,424,271	1,519,377
CURRENT LIABILITIES			
Trade and other payables	10	460,917	343,418
Unearned grant income	14	157,437	-
Employee provisions	11	340,553	314,449
TOTAL CURRENT LIABILITIES		958,907	657,867
NON CURRENT LIABILITIES			
Employee provisions	11	35,250	27,055
TOTAL NON CURRENT LIABILITIES		35,250	27,055
NET ASSETS		1,363,629	1,543,955
EQUITY			
Accumulated surplus		1,363,629	1,543,955
TOTAL EQUITY		1,363,629	1,543,955

The statement of financial position should be read in conjunction with the accompanying notes.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
Balance at the beginning of the year, as previously stated	1,543,955	1,681,404
Less Adjustments on adoption of AASB 15 and AASB 1058 (Note 1)	88,638	-
Balance at the beginning of the year, as adjusted	1,455,317	1,681,404
Comprehensive income:		
(Loss)/Profit for the year attributable to members of the entity	(91,688)	(137,449)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to members of the entity	(91,688)	(137,449)
Balance at the end of the year	1,363,629	1,543,955

The statement of changes in equity should be read in conjunction with the accompanying notes.

BELYUEN COMMUNITY GOVERNMENT COUNCIL**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest		12	25
Grant Income		1,007,342	966,019
Other revenue		1,912,243	1,659,172
Payments			
Employee costs		(1,018,946)	(981,718)
Other expenses		(1,676,614)	(1,478,895)
Net Cash provided by / (used in) Operating Activities	12(b)	224,037	164,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of property, plant and Equipment		(105,600)	(390,992)
Net Cash (used in) / provided by Investing Activities		(105,600)	(390,992)
NET INCREASE / (DECREASE) IN CASH HELD		118,437	(226,389)
CASH AT THE BEGINNING OF THE YEAR			
	12(a)	540,485	766,874
CASH AT THE END OF THE YEAR			
	12(a)	658,922	540,485

The statement of cash flows should be read in conjunction with the accompanying notes.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes represent those of Belyuen Community Government Council ('the Council') and the community store by which the Council controls resources to carry on its functions. A summary of contributions to the operating result and net assets by function is provided at Note 2(a).

The financial statements were authorised for issue on the same date by which CEO signed the CEO's Certificate.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Local Government Act (NT)*, *Local Government (Accounting) Regulations (NT)* and the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Council is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar and are presented in Australian dollars.

Adoption of new and revised accounting standards

The Council has adopted new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current annual reporting period. This include the following:

AASB 15 Revenue from Contracts with a Customer / AASB 1058 Income for Not-for-Profit Entities

AASB 15 Revenue from Contracts with a Customer (AASB 15) supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB15 revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third-party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for Not-for-Profit Entities (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require the Council to transfer the asset to other parties. For such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the Council satisfies obligations under the agreement.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Preparation (Cont'd)

In accordance with transition provisions, the Council has applied the modified retrospective approach on transition to AASB 15 and AASB 1058, with the cumulative effect of applying both accounting standards recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

The following tables summarise the transitional impact of adoption of AASB 15 and AASB 1058.

	Previous Standard \$	Adjustments \$	Adoption of New Standards \$
Statement of Financial Position			
Unearned grant income	-	(88,638)	(88,638)
Statement of Changes in Equity			
Retained earnings	(1,543,955)	88,638	(1,455,317)

AASB 16 Leases

AASB 16 *Leases* replaces AASB 117 *Leases*. The adoption of this new Standard will result to entities recognising a right-of-use asset and related lease liabilities in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach. Prior periods have not been restated.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The Council has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

As at 30 June 2020, the Council does not have any long-term leases and is therefore the adoption of this new standard has not have a material impact.

AASB 2016-8 *Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities* (AASB 9 *Financial instruments*)

AASB 2016-8 is effective for the first time in 2019-20 and requires non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of the Council and therefore has not had a material impact.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Preparation (Cont'd)

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

New Accounting Standards for Application in Future Periods

Several amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Council.

Accounting Policies

Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Council expects to be entitled in exchange for those goods or services. Performance obligations may be completed at a point in time or over time.

Rates and levies

Rates are recognised at the commencement of rating period. Rates over paid at the reporting period are classified as a current liability.

Grants and other contributions

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, grant revenue and other non-reciprocal contributions were recognised as revenue when the Council obtains control over the asset comprising the contribution, which was normally obtained on receipt.

From 1 July 2019, where a grant agreement is enforceable and has sufficiently specific performance obligations for the Council to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred as a contract liability when received in advance and recognised as or when the performance obligations are satisfied.

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by the Council. Capital grants with enforceable contracts and sufficiently specific obligations are recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue as or when the Council satisfies its obligations under the agreement. Where a non-financial asset is purchased, revenue is recognised at the point in time the asset is acquired and control transfers to the Council.

Government appropriation and grants are recognised in the profit or loss at the time of their receipt.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue (Cont'd)

Rendering of Services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the Council satisfies the performance obligation by transferring the promised services. The Council typically satisfies its performance obligations when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured and
- it is probable that the economic benefits associated with the transaction will flow to the Council.

Fees and Other charges

Other revenue includes fees for services provided to community and other organisations. These fees charged for providing ongoing services are recognised as income over the period the service is provided.

Interest

Interest received from term deposits is accrued over the term of the investment.

Income Tax

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

Good and Services Tax (GST)

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

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

Cash

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses (ECLs). Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

The Council recognises an allowance for ECLs for trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Council applies a simplified approach in calculating ECLs. Therefore, the Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventory

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

Property Plant and Equipment

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

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

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Depreciation

The depreciable amount of all non-current assets is depreciated on a straight line basis over the asset's useful life commencing from the time the asset is available for use. The depreciation rates used for each class of depreciable assets are:

	Useful Life		Depreciation Rate	
	Years		%	
	2020	2019	2020	2019
Buildings & Infrastructure	20	20	5	5
Motor Vehicles	5	5	20	20
Office Furniture & Fittings	5	5	20	20

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

Impairment of non-financial assets

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

Trade and Other Payables

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

Provisions

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

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Provisions

Short-term employee provisions

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

Long-term employee provisions

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

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

Financial Instruments

(i) Initial recognition and measurement

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

Financial assets (except for trade receivables) are initially measured at fair value plus directly attributable transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

(ii) Subsequent measurement

Financial assets are subsequently measured at:

- amortised cost (Loans & receivables and investments);
- fair value through Statement of Comprehensive Income; or
- fair value through Other Comprehensive Income.

Financial liabilities are subsequently measured at:

- amortised costs; or
- fair value through Statement of Comprehensive Income.

The Council does not have any financial assets and liabilities at fair value through other comprehensive income.

Trade receivables are subsequently measured at amortised cost using the effective interest rate method, net of any provision for expected credit losses. Whereas, trade payables are subsequently measured at amortised costs using the effective interest rate method.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Council no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

(iv) Impairment - Refer to Trade and Other Receivables.

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Economic Dependence

The Council is funded predominantly by funding provided by the Australian and Northern Territory Governments to meet operational and capital expenditure needs.

The Council, with support from the Australian and Northern Territory Governments, will continue to upgrade community infrastructure to better the delivery of services to the community. The Council also aims to work with funding bodies to help create commercial opportunities that give residents jobs and bring economic gains to support all activities of the Council and the Community. The performance of its Store and Workshop will also play a key role in ensuring sustainability of the Council while keeping the costs of managing these revenue streams as low as possible. The Council will also look to participate in the development of Cox Peninsula through partnering employment opportunities with other stakeholders and continue to negotiate improved terms and conditions of its grant funding arrangements.

Accordingly, the general purpose financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities, in the expectation that such funding and support from the Australian and Northern Territory Governments will continue to be provided in future financial years.

Critical Accounting Estimates and Judgments

The financial statements do not contain any significant accounting estimates or judgments that may result in a material adjustment to the carrying amounts of assets and liabilities within the subsequent financial year.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2(a): FUNCTIONS OF THE COMMUNITY GOVERNMENT COUNCIL

The objectives and nature of the various functions of the Council reported on in note 2(b) are as follows:

Housing and Community Amenities

Community services, housing repair and maintenance, capital infrastructure, and emergency repairs to buildings.

General Public Services

Administration, trust account, and work for the dole programs.

Environmental Protection

Animal control program and associated veterinarian services.

Recreation, Culture and Religion

Sports and recreation facilities associated with a youth services program.

Social Protection

Aged care, FACS, after school care, vacation care, women's centre, and emergency relief.

Economic Benefit

General economic, roads, streets and footpaths, and services, underground drains, promotional and tourism affairs.

**BELYUEN COMMUNITY GOVERNMENT COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 2(b): COMPONENTS OF FUNCTIONS OF THE COMMUNITY GOVERNMENT COUNCIL

Revenues, expenses and assets have been directly attributed to the following functions/activities. Details of those functions/activities are provided.

	General Public Service		Environmental Protection		Housing and Community Amenities		Recreation, Culture and Religion		Social Protection	
	Actual 2020 \$	Budget 2020 \$	Actual 2020 \$	Budget 2020 \$	Actual 2020 \$	Budget 2020 \$	Actual 2020 \$	Budget 2020 \$	Actual 2020 \$	Budget 2020 \$
Operating Revenues										
Interest	1	24	-	-	-	-	-	-	-	-
Other operating revenue	278,468	411,481	-	-	272,622	375,442	-	50,997	709,384	17,390
Grants - NT	82,385	75,000	-	-	39,000	39,000	-	-	164,663	585,000
Grants - NT /CWTH - Specific	243,546	-	-	-	-	-	97,420	2,750	31,250	7,000
Grants - C'wealth	-	-	-	-	90,266	28,000	126,000	126,000	-	-
Total Revenue	604,400	486,505	-	-	401,888	442,442	223,420	179,747	905,297	609,390
Operating Expenses										
Employee Costs	233,250	206,742	-	-	237,748	236,956	116,551	123,885	297,524	301,330
Depreciation	152,461	-	-	-	-	-	-	-	-	-
Other Operating Expenses	209,844	213,273	-	-	221,533	187,376	125,818	81,535	569,877	286,420
Total Expenses	595,555	420,015	-	-	459,281	424,332	242,369	205,420	867,401	587,750
Net Change in Assets	8,845	66,490	-	-	(57,393)	18,110	(18,949)	(25,673)	37,896	21,640
Total Assets	2,008,931	-	-	-	40,527	-	-	-	28,152	-

**BELYUEN COMMUNITY GOVERNMENT COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 2(b): COMPONENTS OF FUNCTIONS OF THE COMMUNITY GOVERNMENT COUNCIL

Revenues, expenses and assets have been directly attributed to the following functions/activities. Details of those functions/activities are provided.

	Economic Benefit		TOTAL	
	Actual 2020 \$	Budget 2020 \$	Actual 2020 \$	Budget 2020 \$
Operating Revenues				
Interest	11	-	12	24
Other operating revenue	635,302	621,750	1,895,776	1,477,060
Grants - NT	-	-	286,048	699,000
Grants - NT / CWTH Specific	-	-	372,216	9,750
Grants - C'wealth	132,812	37,069	349,078	191,069
Total Revenue	768,125	658,819	2,903,130	2,376,903
Operating Expenses				
Employee Costs	183,090	152,709	1,068,163	1,021,622
Depreciation	48,246	-	200,707	-
Other Operating Expenses	598,876	494,360	1,725,948	1,262,964
Total Expenses	830,212	647,069	2,994,818	2,284,586
Net Change in Assets	(62,087)	11,750	(91,688)	92,317
Total Assets	280,176	-	2,357,786	-

BELYUEN COMMUNITY GOVERNMENT COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 3(a) GRANTS AND CONTRIBUTIONS PROVIDED FOR OPERATING PURPOSES		
General Purpose Grants – Northern Territory		
Department of Local Government, Housing and Community Development (“DLGHCD”)	82,385	75,193
COVID –19 MOW	9,854	-
DLGHCD	-	500
Department of Health (DoH) – Aged Care CHSP	84,153	82,910
DoH- Indigenous Staff	70,656	69,680
DLGHCD – Matching Fund IEP	39,000	39,000
Total General Purpose Grants – Northern Territory	286,048	267,283
General Purpose Grants –Commonwealth		
DLGHCD – Roads	33,659	33,608
Department of Prime Minister & Cabinet	213,406	200,138
Roads to Recovery	31,581	-
DLGHCD – FAA	25,026	24,759
Total General Purpose Grants –Commonwealth	303,672	258,505
Special Purpose Grants – Northern Territory		
Upgrade Aged Care facilities	-	99,726
DLGHCD	220,153	66,490
Department of Tourism & Culture	79,420	80,000
Environment Small Grants	-	3,071
Outfront & Zero Turn Mower	-	49,909
Outdoor Pay Terminal Fuel Sale	-	33,571
Stronger Communities Program Round 5	9,000	-
Cultural Art & Knowledge Digital Resources	18,000	-
Australia Day Grant	2,750	2,000
Total Specific Purpose Grants – Northern Territory	329,323	334,767

BELYUEN COMMUNITY GOVERNMENT COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
Specific Purpose Grants – Commonwealth		
Department of Health	16,000	98,464
Department of Social Services	3,500	7,000
Total Specific Purpose Grants – Commonwealth	<u>19,500</u>	<u>105,464</u>
Total Grants and Contributions Provided for Operating Purposes	<u>938,543</u>	<u>966,019</u>

NOTE 3(b): INTEREST INCOME

Interest on bank accounts	12	25
Total Interest Income	<u>12</u>	<u>25</u>

NOTE 3(c): OTHER OPERATING REVENUE

Administration Fee	50,722	58,964
Airstrip Maintenance	53,099	30,921
ATM Commission	-	(83)
Contribution to operating costs	2,600	-
Centrelink Contract	58,479	58,453
CHSP – Clients Contribution	14,196	19,841
Office Rental	15,819	2,330
Client Service Contribution	20,712	17,415
Residential Fees	36,865	22,132
Donation	184	-
Domestic Assistance – Transit Care	3,229	842
Domestic Assistance	-	407
Exit Fee	600	900
Government Subsidy – Home Care Pack	352,008	212,666
Hire of Plant & Equipment	38,922	88,905
Hire of MV	698	-
HCP- Admin Fee	48,413	48,418
HCP – Case Management Fee	88,335	86,758
HCP – Service Fee	144,687	77,876
HCP – Top Up Service	19,074	5,954
Home Care Support - Calvary	-	10,092
Insurance - Store	2,580	-
Meals on Wheels	26,850	24,247
SUBTOTAL CARRIED FORWARD	<u>978,072</u>	<u>767,038</u>

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
SUBTOTAL BROUGHT FORWARD	978,072	767,038
Merchant Fee Refund	3,387	-
Oil Waste Levy	923	882
Prize Money	-	100
Postal Services Fee	10,384	10,444
Period Contract – PAWA	-	40,698
Power Token Commission	4,200	3,215
R&M Council MV	5,551	-
Rates	83,486	38,761
Repairs to Vehicle/Equipment	150,798	164,307
Sale of Goods	18	-
School Lunches - SNP	11,934	-
Store sales	601,169	527,421
Sealink Ferry Commission	1,149	981
Sundry	-	53
Staff Training	500	1,000
Supervisor Charges – Host Place	-	33,556
Tyre Disposal Levy	540	-
Wage /Super Reimbursement	59,885	-
Waste Management Charge	52,579	44,288
Total Other Operating Revenue	1,964,575	1,632,744

NOTE 4(a): EMPLOYEE COSTS

Salaries and Wages	958,921	893,036
Superannuation	90,377	80,954
Workers Compensation	18,867	14,606
Total Employee Costs	1,068,165	988,596

NOTE 4(b): DEPRECIATION EXPENSE

Buildings	52,882	56,761
Office Equipment – Store	2,641	2,642
Infrastructure	29,396	66,987
Improvements	153	153
Furniture & Fittings	45,451	23,100
Plant & Equipment	70,183	63,060
Total Depreciation Expense	200,706	212,703

BELYUEN COMMUNITY GOVERNMENT COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 4(c): OTHER OPERATING EXPENSES		
Accounting fees	103,823	100,585
Audit	25,353	25,134
Advertising	1,730	172
Administration Charges	50,680	58,964
Animal Control	1,923	5,854
Admission Fees	-	105
Art Advisors	-	4,470
Bank Charges	3,470	3,889
Bad Debts	23	3,310
Children/Cultural Activities	776	-
Christmas Party	629	227
Consultants/Managers Fees	39,160	-
COVID - 19	3,981	-
Cleaning Supplies	6,466	6,976
Clothing / bedding	1,672	117
Clearance check	245	1,540
Council Member Allowance	64,422	59,968
Cost of goods sold	448,950	387,063
Doubtful debts	-	2,123
Donations	-	389
Equipment < \$1,000	11,643	19,714
Electricity	31,760	41,809
Food Purchases	34,646	39,661
Fees	809	8,841
Fines & Penalties	375	-
Freight	488	426
Gas Supplies	1,791	1,820
Garbage / Waste Charges	32,479	30,007
Gardening, ground maintenance	4,379	120
General Council Election	-	1,093
Hire of Plant and Equipment	2,063	8,431
Hire Labour	1,230	622
Hire Venue/Office/Amenities	13,296	49,050
HCP- Purchases	26,903	22,875
HCP - Expenses	301,108	219,006
HCP - Other	6,970	5,860
Insurance	101,108	90,857
Internet Fees	4,314	3,550
Insurance – Airstrip	1,982	1,981
Meetings	986	1,338
Marine cargo	473	474
SUBTOTAL CARRIED FORWARD	1,332,106	1,208,421

**BELYUEN COMMUNITY GOVERNMENT COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
NOTE 4(c): OTHER OPERATING EXPENSES (Cont'd)		
SUBTOTAL BROUGHT FORWARD	1,332,106	1,208,421
Membership Fees	2,433	-
Network Maintenance	10,951	10,370
Postage	68	36
Printing & Stationery	14,273	14,400
Pest control	2,420	1,250
Rent	5,200	5,200
Resource Material	62	-
R&M – Buildings (S11)	1,471	1,165
R&M – Buildings (E10)	2,967	-
R&M – Machinery & Other	1,865	17,657
R&M – Electrical	15,164	8,821
R&M – Equipment/Service	5,994	-
R&M – Plumbing	1,996	6,459
R&M – Fire Equipment	9,124	8,000
Return of Unexpended Grant	36,001	-
Safety Equipment/Clothing	1,839	1,313
Service Charges	6,812	-
Surveyor Fees	-	4,390
Sewerage	4,131	3,907
Store Use	2,956	11,407
Store Waste	3,754	4,761
Store Use for SNP	5,281	-
Stores, Materials & Loose Tools	28,399	22,410
Staff Amenities	855	1,108
Subscriptions/Membership	4,844	4,623
Training	500	3,500
Telephone / Fax	19,253	19,301
Transfer Funds in Trust	37,739	(3,922)
Travel and Accommodation	694	405
Uniforms	1,673	2,012
Vehicle – Fuel & Oil	23,330	35,744
Vehicle – Insurance	5,633	5,317
Vehicle - Rego	2,012	5,081
Vehicle – R&M	5,551	4,741
Vehicle – Equip. / Parts	108,355	99,640
Water	20,241	27,421
Total Operating Expenses	1,725,947	1,534,938

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
General account	455,542	201,119
Trust account	177,827	309,584
Store Operating Account	10,751	12,635
Income Management Account	9,688	9,722
ATM – Float	2,940	4,340
Store – Float	2,000	2,000
Store – Cash on hand	174	1,085
Total Cash and Cash Equivalents	658,922	540,485

Restricted cash balances are as follows:

External restrictions

Income Management Funds in Trust included in Trade and other payables (refer Note 10)	9,688	9,722
Aged Pension Funds in Trust included in Trade and other payables (refer Note 10)	154,577	108,940
Unearned grant income (refer Note 14)	157,437	-
Unexpended grants recognised in accumulated surplus (refer Note 14)	179,375	168,987

Internal restrictions

Employee provisions (refer Note 12)	375,803	314,449
Total restricted cash	876,880	602,098
Total unrestricted cash	(217,958)	(61,613)

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Accounts Receivable – Council	70,787	33,275
Trade Debtors - Store	17,138	-
Accounts Receivable – Store	715	3,032
Less: Allowance for doubtful debts	(370)	(4,856)
Total Accounts and Other Receivables	88,270	31,451

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6: TRADE AND OTHER RECEIVABLES (Cont'd)

Credit Risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is monitored by management on an ongoing basis. The maximum exposure to credit risk, excluding the value of any collateral or other security, is limited to the total carrying value of financial assets, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Council does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Council. The following table details the Council's trade and other receivables exposed to credit risk with ageing analysis.

The balances of receivables that remain within 30 days are considered to be of high credit quality.

	2020	2019
	\$	\$
Receivables are aged as follows:		
Current		
1 – 30 days	50,571	5,960
31 – 60 days	1,291	3,818
61 – 90 days	6,815	2,893
Over 90 days	29,963	23,636
	<u>88,640</u>	<u>36,307</u>
The provision for doubtful debts is age as follows:		
Over 90 days	<u>370</u>	<u>4,856</u>

NOTE 7: OTHER ASSETS

CURRENT

Prepayments	140,217	101,725
Total Other Assets	<u>140,217</u>	<u>101,725</u>

NOTE 8: INVENTORY

CURRENT

Store Inventory	46,106	35,839
Total Inventory	<u>46,106</u>	<u>35,839</u>

All inventories are expected to be sold within 12 months.

BELYUEN COMMUNITY GOVERNMENT COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 9: PROPERTY, PLANT & EQUIPMENT		
Buildings		
At cost	2,180,703	2,115,795
Less accumulated depreciation	(1,427,466)	(1,374,584)
Written down value	<u>753,237</u>	<u>741,211</u>
Plant and Equipment		
At cost	989,995	975,687
Less accumulated depreciation	(825,165)	(760,857)
Written down value	<u>164,830</u>	<u>214,830</u>
Infrastructure Works		
At cost	1,340,229	1,340,229
Less accumulated depreciation	(1,024,690)	(995,294)
Written down value	<u>315,539</u>	<u>344,935</u>
Furniture & Fittings – Store		
At cost	318,504	277,724
Less accumulated depreciation	(130,526)	(98,375)
Written down value	<u>187,978</u>	<u>179,349</u>
Improvements – Store		
At cost	3,065	3,065
Less accumulated depreciation	(2,800)	(2,647)
Written down value	<u>265</u>	<u>418</u>
Office Equipment – Store		
At cost	13,891	13,891
Less accumulated depreciation	(11,469)	(8,828)
Written down value	<u>2,422</u>	<u>5,063</u>
Work In Progress	<u>-</u>	<u>33,571</u>
Total Property, Plant and Equipment	<u>1,424,271</u>	<u>1,519,377</u>

BELYUEN COMMUNITY GOVERNMENT COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 9: PROPERTY, PLANT & EQUIPMENT (Cont'd)

Movements in carrying amounts

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

Council	Buildings	Plant and Equipment	Infrastructure Works	Work In-Progress
Balance at 30 June 2018	646,364	203,839	411,922	64,057
Additions	151,608	74,051	-	33,571
Transfer To Assets	-	-	-	(64,057)
Disposals - Costs	-	(4,617)	-	-
Disposals/Written-Off – Acc Depreciation	-	4,617	-	-
Depreciation	(56,761)	(63,060)	(66,987)	-
Balance at 30 June 2019	741,211	214,830	344,935	33,571
Additions	31,337	20,183	-	-
Transfer To Assets	33,571	-	-	(33,571)
Disposals - Cost	-	(5,875)	-	-
Disposals - Acc Depreciation	-	5,875	-	-
Assets Written Off	-	-	-	-
Depreciation	(52,882)	(70,183)	(29,396)	-
Balance at 30 June 2020	753,237	164,830	315,539	-

Store	Furniture & Fittings	Office Equipment	Improvements	Totals
Balance at 30 June 2018	6,630	7,705	571	1,341,088
Additions	131,762	-	-	390,992
Transfer To Assets	64,057	-	-	-
Disposals	-	-	-	(4,617)
Disposals/Written-Off – Acc Depreciation	-	-	-	4,617
Depreciation/Write-back	(23,100)	(2,642)	(153)	(212,703)
Balance at 30 June 2019	179,349	5,063	418	1,519,377
Additions	54,080	-	-	105,600
Transfer To Assets	-	-	-	-
Disposals – Cost	(13,300)	-	-	(19,175)
Disposals - Acc Depreciation	13,300	-	-	19,175
Depreciation	(45,451)	(2,641)	(153)	(200,706)
Balance at 30 June 2020	187,978	2,422	265	1,424,271

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 10: TRADE AND OTHER PAYABLES		
CURRENT		
Accounts Payables	194,579	138,215
Accrued Expenses	99,205	91,124
PAYG	15,582	13,300
GST Payable	(16,032)	(21,298)
Employee deductions	3,318	3,415
Funds In Trust – Aged Pension	154,577	108,940
Income Management Funds held in Trust	9,688	9,722
	460,917	343,418

All payables are expected to be settled in 12 months. Due to the short term nature of these payables, their carrying value approximates their fair value.

NOTE 11: EMPLOYEE PROVISIONS

Current

Annual Leave	262,353	241,140
Long Service Leave	78,200	73,309
	340,553	314,449

Non - Current

Long Service Leave	35,250	27,055
	35,250	27,055

Total Employee Provisions

375,803	341,504
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Employee Provisions – Annual Leave Entitlements

Based on past experience, the Council does not expect the full amount of annual leave to be settled wholly within the next 12 months. However, the amount must be classified as a current liability because the Council does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash on hand at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	658,922	540,485
Balances as per Statement of Cash Flows	658,922	540,485

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net (Deficit)/Surplus for the period	(91,688)	(137,449)
Items not involving cash:		
Depreciation	200,706	212,703
(Profit) / loss on disposal of property, plant and equipment	-	-
Changes in operating assets and liabilities:		
(Increase)/decrease in inventory	(10,267)	27,992
(Increase)/decrease in accounts and other receivables	(56,819)	28,525
(Increase)/decrease in other assets	(38,492)	(5,497)
Increase/(decrease) in accounts and other payables	117,499	20,080
Increase/(decrease) in unearned grant income	68,799	-
Increase/(decrease) in provisions	34,299	18,249
Net cash flows from Operating Activities	224,037	164,603

NOTE 13: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

On 9 February 2016, the Council received a letter from the Northern Land Council (“NLC”) in relation to section 19(5) of the *Aboriginal Land Rights (Northern Territory) Act 1997* in relation to aboriginal land occupied by the Council. NLC advised the Council that they were seeking to charge lease payments to the Council for the lease of land upon which Council’s buildings and infrastructure reside. NLC are seeking to back date these lease payments to August 2012. The Council disputes some of the land included by NLC. The Council has asked the Minister for Local Government and Community Services to negotiate with NLC in relation the matter, the outcome of which is not yet known.

As at 30 June 2020, the amount of any potential obligation cannot be measured with sufficient reliability, and has not been recognised in the accounts.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: CONDITIONS OVER GRANTS

Grants that were obtained on the condition that they are expended on specified purposes or in a future period but which are not yet expended in accordance with those conditions are as follows:

	2020	2019
	\$	\$
Unexpended at the close of the previous reporting period	168,987	204,497
Less: Expended during the current reporting period from revenues recognised in previous reporting periods	(133,048)	(167,894)
Plus: Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions	300,873	132,384
Unexpended and Unearned Grants at the close of the current reporting period and held as restricted assets	336,812	168,987
Net increase (decrease) in restricted assets in the current reporting period	167,825	(35,510)

Unexpended Grants Recognised in Accumulated Reserves

DoH – Cemetery (C45)	18,110	18,110
Outdoor Pay Terminal -OPT (E14)	-	11,750
Roof Replacement (G20)	-	66,490
Dept. of Justice – CBG (R30)	68	68
Sports & Recreation (R22)	11,163	41,001
Dept. of Prime Minister & Cabinet - (R29)	2,817	9,928
Australia Day Grant (S16)	-	385
Harmony Events (S30)	3,781	8,565
AC Regional, Rural & Remote Infrastructure (S36)	-	10,398
DoH – Traditional Camps (S19)	16,000	-
Environmental Small Grant (S35)	-	2,292
Culture Art & Knowledge (R31)	18,000	-
Road to Recovery	15,676	-
Special Comm Assistance & Local Employment (G25)	93,760	-
	179,375	168,987

Unearned Grant Income

Kitchen Equipment Upgrade (E16)	45,406	-
CouncilWise (Software) System (G26)	61,046	-
Consultancy Fee (G21)	43,127	-
Security Upgrade (S40)	7,858	-
	157,437	-

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Council's principal financial instruments comprise accounts and other receivables, accounts and other payables and cash and cash equivalents.

The Council manages its exposure to financial risks, in accordance with its policies. Its objectives of the policies are to maximise the income to the Council whilst minimising the downside risk.

The Council's activities expose it to normal commercial financial risk. The main risks the Council is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk. Risks are considered to be low. There have been no substantive changes in the types of risks the Council is exposed to, how these risks arise, or the Council's objectives, policies and procedures for managing or measuring the risks from the previous period.

Primary responsibility for the identification and control of financial risks rests with the Council Members and the CEO under the authority of the Council Members.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance of counterparties of contract obligations that could lead to a financial loss to the Council.

Credit risk is managed through maintaining procedures (such as utilisation of systems for approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of financial stability of significant counterparties) ensuring to the extent possible that counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is the equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the Council securing accounts and other receivables.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: FINANCIAL INSTRUMENTS (Cont'd)

(c) Liquidity risk

Liquidity risk arises from the possibility that the Council might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Council manages this risk by monitoring its cash flows through the use of cash flow forecasts and monitoring the ageing of receivables and payables.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial instruments. The Council does not hold directly any derivative financial liabilities. Cash flows realised from financial assets reflect the Council's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 Year		Total	
	2020	2019	2020	2019
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	461,367	351,416	461,367	351,416
Total contractual outflows	461,367	351,416	461,367	351,416
Total expected outflows	461,367	351,416	461,367	351,416
	Within 1 Year		Total	
	2020	2019	2020	2019
	\$	\$	\$	\$
Financial assets – cash flows realisable				
Cash and cash equivalents	658,922	540,485	658,922	540,485
Trade and other receivables	88,270	31,451	88,270	31,452
Total expected inflows	747,192	571,936	747,192	571,936
Net (outflow)/inflow on financial instruments	285,825	220,520	285,825	220,520

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: FINANCIAL INSTRUMENTS (Cont'd)

(d) Net fair value of financial assets and liabilities

The net fair value of financial assets and liabilities approximate their carrying value.

The carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes forming part of the financial statements.

(e) Interest rate risk

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

Sensitivity analysis

The following table illustrates sensitivities to the Council's exposure to changes in interest rates. The table indicates the impact on how surplus and equity reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Surplus \$	Equity \$
Year ended 30 June 2020		
+/- 1% in interest rates	+/- 6,500	+/- 6,500
Year ended 30 June 2019		
+/- 1% in interest rates	+/- 5,400	+/- 5,400
	2020 \$	2019 \$
NOTE 16: AUDITOR'S FEES		
Audit of the financial report	25,353	25,134

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: RELATED PARTY TRANSACTIONS

The related parties of the Council include:

- the key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the Council directly; and
- spouses, children and dependants who are close family members of the KMP; and
- any entities controlled or jointly controlled by KMP or controlled or jointly controlled by their close family members.

Key Management Personnel

Key management personnel of the Council are those persons having authority and responsibility for planning, directing and controlling the activities of Council. This include the CEO and certain prescribed officers, if any, under section 112 of the *Local Government Act 2008*.

- (i) Names of persons holding the position of KMP at the Council at any time during the year are:

Zoe Singh, President
Rex Edmunds, Vice President
John (Mango) Moreen, (Councillor)
Cecilia Lewis, Councillor (Councillor)
Rex Sing, (Councillor)

Cathy Winsley, Chief Executive Officer

- (ii) Remuneration of KMP

Total remuneration and allowances paid to KMP during the year amounted to:

Details	2020	2019
	\$	\$
Base Salary	97,891	96,072
Superannuation	11,747	11,529
Other short-term benefits	22,416	22,482
Total	<u>132,054</u>	<u>130,083</u>

Allowances paid to Councillors amounted to \$64,422 during the year (2019: \$59,968).

- (iii) Retirement Benefits

No retirement benefits have been made by the Council to KMP during the reporting year.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: RELATED PARTY TRANSACTIONS (Cont'd)

(iv) Loans to Responsible Persons

No loans have been made, guaranteed or secured by the Council to KMP during the reporting year.

(v) Other Transactions

Other than the amount paid as taxpayers or residents (e.g. rates, user charges fees, etc.), no other transactions have been made with KMP during the year.

During the year, 13 of KMP's close family member are employed by the Council under normal employment terms and conditions. The amount paid to KMP's close family members amounted to \$61,849.

Other than the above, there are no transactions to any organisations, on an arm's length basis and under normal terms and conditions, where the Council's KMP may hold executive positions and/or Directorships during the year.

(vi) Outstanding Amounts

As at 30 June 2020, there were no outstanding amounts receivable or payables to the Council's KMP.

NOTE 18: IMPACT OF COVID-19 PANDEMIC CRISIS

For most of the entities, the COVID-19 crisis has led to more variability and uncertainty underlying the preparation of the financial statements. As the Council engage in providing essential services/needs to the Belyuen community, the pandemic crisis has impacted the Council in a number of ways including:

- adopting changes of the Council office operations due to Covid-19 measures imposed by government;
- reduction of the Council's workshop revenue due to restrictions on potential customers from other communities and passer-by customers;
- given the social distancing regime and the inability for members to travel, all previously organised events have either been postponed or conducted via video or teleconferencing; and
- the Belyuen community was closed to all non-essential travel in response to concerns about the spread of coronavirus (COVID-19), some of the Council's essential services were discontinued and/or deferred.

Fortunately, the Council has not identified any write-offs, or expected credit or impairment losses due to COVID-19.

BELYUEN COMMUNITY GOVERNMENT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18: IMPACT OF COVID-19 PANDEMIC CRISIS (Cont'd)

The most challenging area of consideration from the COVID-19 crisis is impairment of assets and the supportable estimates of future cash flows. Although current estimates suggest limited volatility in cash flows projections and growth rates there is increased volatility as a result of the crisis.

The financial statements of the Council have been prepared on the basis that it is a going concern and that the Council will continue to operate. The Council's future as a going concern is dependent upon further grant funding.

Despite the ongoing uncertainty in relation to the COVID-19 pandemic impact, the Council believes that the Council will continue to receive support from funding bodies and will be able to generate sufficient cash flows to be able to pay its debts when they fall due. As such, the Council believes the going concern assumption used is appropriate.