



Office of  
Local Government

**JOINT ORGANISATIONS  
SUPPLEMENT TO LOCAL  
GOVERNMENT CODE OF  
ACCOUNTING PRACTICE  
AND FINANCIAL REPORTING  
FOR THE PERIOD FROM  
[INSERT PROCLAMATION DATE]  
TO  
30 JUNE 2019**

Strengthening local government



# Introduction and overview

## Purpose

Joint organisations (JO) have been classified as not publicly accountable as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* since they are not tax setting entities and therefore the JO general purpose financial statements use the Reduced Disclosure Requirements (RDR) framework in the Australian Accounting Standards – the Supplement is prepared on this basis.

The accounting, financial and other reporting requirements of the JO Supplement to the Office of Local Government Code of Accounting Practice and Financial Reporting apply to the general purpose financial statements prepared by joint organisations for the period from proclamation date to 30 June 2019 and for subsequent years unless otherwise stated.

**Note:** the JO Supplement for 30 June 2019 does not include comparatives since this is the first period of operation.

## Joint Organisations Supplement to Local Government Code of Accounting Practice and Financial Reporting (Update 27)

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*The JO Supplement prescribes the minimum disclosures required for balances/transactions which are material to JOs. JOs can add additional disclosures at their discretion. In some cases, where the standards provide accounting policy options, the JO Code will prescribe which option JOs must adopt.*

*The format of the JO Supplement which locates the accounting policies within the relevant notes is mandatory, however the actual placement within the note is not mandatory.*



**Notes, line items and columns need only be included if applicable**, and additional notes may be added as required. Note that in the JO Supplement there are line items with nil or immaterial balances. These are included for completeness to show joint organisations the line items that may be relevant to them, and should not be taken as required to be included where the JOs actual balances are not material.

Where notes are removed then JOs should ensure that the notes are renumbered so they remain consecutive. It is noted that this will lead to different JOs having different numbers for the same note.

Where JO's have balances/transactions that are not illustrated in the Supplement then the disclosures in the general purpose financial statements of the Code (Section A) should be used for those balances/transactions.

These balances/transactions may include intangible assets / defined benefit superannuation plans.

# JO NSW

## General purpose financial statements for the period from [insert proclamation date] to 30 June 2019

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JO NSW is constituted under the *Local Government Act 1993* (NSW) and has its principal place of business at:

JO NSW  
XXXX Street  
XX NSW 2XXX.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.jo.nsw.au](http://www.jo.nsw.au).

## JO NSW

### Statement by Members of the Board and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993 (NSW)* (as amended)

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder
- the Australian Accounting Standards – Reduced Disclosure Requirements and other pronouncements of the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly JO NSW’s operating result and financial position for the period
- accord with JO NSW’s accounting and other records.

We are not aware of any matter that would render this report false or misleading in any way.

Signed in accordance with a resolution of the Board of JO NSW made on .....

.....  
Chairperson’s name  
**Chairperson**

\_\_\_/\_\_\_/\_\_\_

.....  
Voting Representative Board Member’s name  
**Voting Representative Board Member**

\_\_\_/\_\_\_/\_\_\_

.....  
Executive Officer’s name  
**Executive Officer**

\_\_\_/\_\_\_/\_\_\_

## JO NSW

### Income Statement and Other Comprehensive Income for the period [insert Proclamation date] to 30 June 2019

	Notes	Actual Period [insert Proclamation date] to 30 June 2019 \$
<b>Income from continuing operations</b>		
Member council contributions	2a	410,124
User charges and fees	2b	-
Interest and investment revenue	2c	20,458
Grants provided for operating purposes	2d	1,080,209
Grants provided for capital purposes	2d	354,011
Other income	2f	134,568
<b>Total income from continuing operations</b>		<b>1,999,370</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs		403,681
Borrowing costs		-
Depreciation	7	54,783
Administrative expenses	3	256,957
<b>Total expenses from continuing operations</b>		<b>715,421</b>
<b>Net operating result for the period</b>		<b>1,283,949</b>
Gain on transfer of assets from former entities [provide name]	2e	-
Net result for the period		-
<b>Other comprehensive income</b>		
[Provide details if relevant]		-
<b>Total other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income</b>		<b>1,283,949</b>

Guidance  
notes 24-26

The above Income Statement and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## JO NSW

### Statement of Financial Position as at 30 June 2019

	Notes	2019 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	1,110,220
Investments	5	-
Receivables	6	173,142
Prepayments		<u>12,567</u>
<b>Total current assets</b>		<u><b>1,295,929</b></u>
<b>Non-current assets</b>		
Investments	5	-
Property, plant and equipment	7	247,010
Other		-
<b>Total non-current assets</b>		<u><b>247,010</b></u>
<b>Total assets</b>		<u><u><b>1,542,939</b></u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	8	159,878
Income received in advance		-
Borrowings	8	-
Provisions	9	<u>77,667</u>
<b>Total current liabilities</b>		<u><b>237,545</b></u>
<b>Non-current liabilities</b>		
Provisions	9	<u>21,445</u>
<b>Total non-current liabilities</b>		<u><b>21,445</b></u>
<b>Total liabilities</b>		<u><u><b>258,990</b></u></u>
<b>Net assets</b>		<u><u><b>1,283,949</b></u></u>
<b>EQUITY</b>		
Accumulated surplus		1,283,949
Other reserves (specify)	10	-
<b>Total equity</b>		<u><u><b>1,283,949</b></u></u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## JO NSW

### Statement of Changes in Equity For the period from [insert Proclamation date] to 30 June 2019

	Accumulated surplus	2019 \$ Other reserves [specify]	Total equity
Opening balance	-	-	-
Net operating result for the period	1,283,949	-	1,283,949
Other comprehensive income [Provide details]	-	-	-
Total comprehensive income	<u>1,283,949</u>	<u>-</u>	<u>1,283,949</u>
Closing balance	<u>1,283,949</u>	<u>-</u>	<u>1,283,949</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## JO NSW

### Statement of Cash Flows for the period from [insert Proclamation date] to 30 June 2019

Guidance notes  
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	Notes	Period [insert Proclamation date] to 30 June 2019 \$
<b>Cash flows from operating activities</b>		
<i><b>Receipts:</b></i>		
Contributions from member councils		410,124
User charges and fees		-
Investment revenue and interest		20,458
Grants		1,434,220
Other		134,568
<i><b>Payments:</b></i>		
Employees and suppliers		(401,648)
Borrowing costs		-
Other		-
<b>Net cash provided from (or used) in operating activities</b>		<b>1,412,013</b>
<b>Cash flows from investing activities</b>		
<i><b>Receipts:</b></i>		
Sale of property, plant and equipment		-
Other		-
<i><b>Payments:</b></i>		
Purchase of investments (term deposits)		-
Purchase of property, plant and equipment		(301,793)
Other		-
<b>Net cash provided from (or used in) investing activities</b>		<b>(301,793)</b>
<b>Cash flows from financing activities</b>		
<i><b>Receipts:</b></i>		
Proceeds from investments		-
Other		-
<i><b>Payments:</b></i>		
Repayment of investments		-
Other		-
<b>Net cash provided from (or used in) financing activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,110,220</b>
Cash transferred from former entities [provide name]		-
<b>Cash and cash equivalents at beginning of reporting period</b>		-
<b>Cash and cash equivalents at end of reporting period</b> 4)		<b>1,110,220</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



## JO NSW

### Notes to the Financial Statements for the period from [insert Proclamation date] to 30 June 2019

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## Note 1 Basis of preparation

JO NSW was established on [insert proclamation date] and the financial statements include the results of the JO from establishment until 30 June 2019 and the financial position at 30 June 2019.

Future reporting periods will be from 1 July to 30 June of the relevant year.

These financial statements were authorised for issue by the Board of the Joint Organisation on dd/mm/2019. The Board has the power to amend and reissue these financial statements.

AASB101(119)  
AASB101(112)(a),(b)  
AASB1054(7)-(9)

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Local Government Act 1993* (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. JO NSW is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest dollar.

*(a) New and amended standards adopted by JO*

AASB108(28)

Refer to Appendix J of the Local Government Code of Accounting Practice and Financial Reporting for an example note for new and amended standards adopted by the JO during the reporting period.

*(b) Historical cost convention*

AASB101(117)(a)

These financial statements have been prepared under the historical cost convention.

*(c) Significant accounting estimates and judgements*

AASB101(122),(125)

Guidance notes 18 - 20

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the JO's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the JO and that are believed to be reasonable under the circumstances.

*Critical accounting estimates and assumptions*

JO NSW makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) employee benefit provisions – refer Note 9.

*Significant judgements in applying the JO accounting policies*

- (i) [provide details of any significant judgements made by the JO]

### Goods and Services Tax (GST)

Interpretation 1031(6),(7)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Interpretation 1031(8),(9)

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 taxation authority is included with other receivables or payables in the Statement of Financial Position.

Interpretation 1031(10),(11)

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

## Note 2 Income from continuing operations

	Period [insert Proclamation date] to 30 June 2019 \$	
<b>(a) Member Council contributions</b>		
A Council	102,531	
B Council	102,531	
C Council	102,531	
D Council	102,531	
<b>Total member council contributions</b>	<b>410,124</b>	
<b>(b) User charges and fees</b> [Provide details]	-	
<b>Total user charges and fees</b>	-	
<b>(c) Interest and investment revenue</b>		
Interest on financial assets measured at amortised cost	20,458	
Other [specify if material]	-	
<b>Total interest and investment revenue (losses)</b>	<b>20,458</b>	
<b>(d) Grants</b>		
	<u>Operating</u>	<u>Capital</u>
	Period [insert Proclamation date] to 30 June 2019 \$	Period [insert Proclamation date] to 30 June 2019 \$
Office of Local Government (OLG) joint organisation establishment funding	250,000	
Waste Action Recycle	154,860	
Illegal dumping program	333,800	
Litter prevention and reduction	250,000	
Capital works	-	354,011
Other (specify if material)	91,549	
<b>Total grants</b>	<b>1,080,209</b>	<b>354,011</b>
<b>Comprising:</b>		
- Commonwealth funding	-	-
- State funding	1,080,209	354,011
- Other funding	-	-
	<b>1,080,209</b>	<b>354,011</b>

AASB 1004

### (e) Gain on transfer of assets from former entity [provide name]

On [insert date], the assets and liabilities of [insert names of former entities] were transferred to JO NSW at their previous carrying amount as shown below:

	Assets and liabilities acquired \$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	
Investments	
Receivables	
Other	
<b>Total current assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment	
<b>Total non-current assets</b>	
<b>Total assets</b>	

## Note 2 Income from continuing operations (continued)

### LIABILITIES

#### Current liabilities

Payables  
Borrowings  
Provisions  
Income received in advance  
**Total current liabilities**

#### Non-current liabilities

Provisions  
**Total non-current liabilities**  
**Total liabilities**

#### Net assets transferred / gain on transfer

**Period [insert  
Proclamation date]  
to 30 June 2019  
\$**

#### (f) Other income

Procurement rebates	76,775
Admin fees	29,434
Gain on disposal of property, plant and equipment	-
Other (specify if material)	<u>28,359</u>
<b>Total other revenue</b>	<b><u>134,568</u></b>

#### Accounting policy for income

JO recognises revenue when: the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the JO, and specific criteria have been met for each of the JO's income streams as described below. The JO bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Contributions by member councils** are accounted for when the amount to be paid for the period has been determined and communicated to councils. The contribution may be in the form of a cash payment or non-monetary contribution (which is recorded at its fair value).

The methodology for determining the contribution is:

- equal contributions by all member councils in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation
- contributions by participating member councils for other functions of enhancing strategic capacity and direct service delivery.

**User charges and fees** are recognised as revenue when the service has been provided.

**Interest and investment income** is recognised using the effective interest rate at the date that interest is earned.

**Grant revenue** – Control over grants is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted asset at the date of transfer.

A liability is recognised in respect of grant income that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

**Gain on transfer of assets** relates to the value of net assets received free of charge from [insert entity name] on establishment of the JO.

**Other revenue** is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Guidance note 6-7 **Note 3 Expenses**

	Period [insert Proclamation date] to 30 June 2019 \$
<b>Administrative expenses</b>	<b>\$</b>
Contractor and consultancy costs (specify material contracts/ consultancies)	8,665
Remuneration of auditors	6,564
IT expenses	23,543
Legal fees:	6,200
Operating leases:	
– Buildings	35,800
– Computers	-
– Motor vehicles	-
– Other	3,964
Insurance	12,442
Training	6,753
Travel	3,421
Loss on disposal of property, plant and equipment	-
Other (specify if material)	22,780
<b>Total administrative expenses</b>	<b>256,957</b>
<b>Auditors' remuneration</b>	
Auditors of the JO – NSW Auditor-General:	
(i) Audit and other assurance services	
Audit of financial statements	6,564
Other assurance services	-
<b>Total fees paid or payable to the Auditor-General</b>	<b>6,564</b>
(ii) Other assurance – services provided to the JO (specify type of assurance services)	- - -
<b>Total fees paid or payable to other assurance providers</b>	<b>-</b>

**Accounting policy for expenses**

**Employee benefit expenses** are recorded when the service has been provided by the employee.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Borrowing costs** are expensed as incurred.

**Depreciation** is calculated using the straight-line method to allocate the cost of the asset, net of residual values, over the asset's estimated useful lives.

**Impairment** – Property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

**Operating lease expense** – Leases in which a significant portion of the risks and rewards of ownership are not transferred to JO as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

**Other expenses** are recorded on an accruals basis as the JO receives the goods or services.

Guidance notes  
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## Note 4 Cash and cash equivalents

	2019
	\$
Cash at bank and on hand	1,094,885
Deposits at call	15,335
	<b>1,110,220</b>
 <b>Restricted cash and cash equivalents</b>	
External restrictions	-
Internal restrictions	-
Unrestricted	1,110,220
	<b>1,110,220</b>

### Accounting policy for cash and cash equivalents

AASB107(6),(8),(46)

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Guidance notes  
27 - 30

## Note 5 Investments

	2019	
	Current	Non-current
	\$	\$
<b>Debt securities at amortised cost</b>		
Term deposits	-	-

### Accounting policy for investments

Term deposits are initially recognised at fair value and then subsequently classified and measured at amortised cost. Interest income, impairment and gains or loss on derecognition are recognised in profit or loss.

## Note 6 Receivables

	<b>2019</b>
	<b>Current</b>
	<b>\$</b>
Receivables from member councils	-
Grant receivables	<b>115,145</b>
Other (specify if material)	<b>57,997</b>
<b>Total</b>	<b>173,142</b>
Less: provision for impairment:	
– Other (specify if material)	-
<b>Net receivables</b>	<b>173,142</b>

### Accounting policy for receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

The JO applies the simplified approach for receivables in providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

Guidance notes  
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## Note 7 Property, plant and equipment

By asset class	At [Proclamation date]			Movements during the period			At 30 June 2019		
	Gross carrying amount \$	Acc.dep. and impairment \$	Net carrying amount \$	Additions \$	Disposals \$	Depn. and impairment \$	Gross carrying amount \$	Acc. dep. and impairment \$	Net carrying amount \$
Office equipment	-	-	-	74,341	-	(45,490)	74,341	(45,490)	28,851
Furniture and fittings	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	227,452	-	(9,293)	227,452	(9,293)	218,159
Other asset class [specify]	-	-	-	-	-	-	-	-	-
<b>Totals</b>	-	-	-	<b>301,793</b>	-	<b>(54,783)</b>	<b>301,793</b>	<b>(54,783)</b>	<b>247,010</b>

### Accounting policy for property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

AASB116(12)

Subsequent costs are included in the 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 JO and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement and Other Comprehensive Income during the financial period in which they are incurred.

When property, plant and equipment are acquired by the JO for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

AASB116(50), (73)(b)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

AASB116(73)(c)

[JOs should include the useful lives used for each class of property, plant and equipment disclosed in the movement table based on their internal policies.]

AASB116(51)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Guidance note 37

## Note 8 Payables and borrowings

	2019
	Current
	\$
<b>Payables</b>	
Trade payables	113,566
Accrued expenses	7,655
Other payables (specify if material)	38,657
<b>Total payables</b>	<b>159,878</b>
<b>Borrowings</b>	
Bank overdraft	-
<b>Total borrowings</b>	<b>-</b>

<b>Financing arrangements</b>	<b>2019</b> <b>\$</b>
-------------------------------	--------------------------

### Total facilities

The amount of total financing facilities available to the JO at the reporting date is:

- Bank overdraft facility	100,000
- Corporate credit cards	25,000
	<b>125,000</b>

### Drawn facilities

The amount of financing facilities drawn down at the reporting date is:

- Bank overdraft facility	-
- Corporate credit cards	9,458
	<b>9,458</b>

### Undrawn facilities

The amount of undrawn financing facilities available to the JO at the reporting date is:

- Bank overdraft facility	100,000
- Corporate credit cards	15,542
	<b>115,542</b>

AASB 7(21)

### Accounting policy for payables and borrowings

The JO measures all financial liabilities initially at fair value less transaction costs; subsequent financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the JO comprise trade and other payables and bank overdraft. Trade payables represent liabilities for goods and services provided to the JO prior to the end of financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.



Guidance notes 38 – 40 **Note 9 Provisions**

	2019	
	Current \$	Non-current \$
<b>Employee benefit provisions</b>		
Annual leave	77,667	-
Long-service leave	-	21,445
<b>Other provisions</b>		
Other (specify)	-	-
<b>Total provisions</b>	77,667	21,445
<b>Current provisions not expected to be settled within the next 12 months</b>	21,125	n/a

**(a) Description of and movements in provisions**

The movement in each class of provision (excluding those relating to employee benefits) is presented in the table below.

	Other provision (1) \$	Other provision (2) \$	Total \$
At beginning of period	-	-	-
Changes to provision:			
Amounts used	-	-	-
Unwinding of discount	-	-	-
Unused amounts reversed	-	-	-
Other (specify)	-	-	-
<b>Total</b>	-	-	-

**Nature and purpose of non-employee benefit provisions**

[Insert a description of each class of provision shown in the table above as to its nature and purpose and related uncertainties.]

**Accounting policy for provisions**

AASB137(14)

Provisions are recognised when: the JO has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

AASB137(36),(45),  
(47),(60)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Employee benefits**

*Short-term obligations*

AASB119(8),(11)

Liabilities for wages and salaries (including non-monetary benefits and annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period, and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

*Other long-term employee benefit obligations*

AASB119(155)

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits, and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Note 9 Provisions (continued)*

*On-costs*

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses that will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the JO does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

AASB101(69)(d)

Guidance note  
41 - 42

## Note 10 Reserves

### Nature and purpose of reserves

- (i) *Other reserves (specify)*  
[Describe nature and purpose of the reserve]

Guidance note 43

## Note 11 Commitments

**2019**  
\$

### (a) Capital commitments (exclusive of GST)

[Provide a description of any commitments in place that are not recognised in the financial statements as liabilities].

### (c) Non-cancellable operating lease commitments

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

– Not later than one year	35,124
– Later than one year and not later than five years	110,485
– Later than five years	-
<b>Total</b>	<b>145,609</b>

[Provide a description of leases] e.g. The operating leases in place are for office equipment and buildings. All operating lease agreements are secured only against the leased asset and are for terms ranging from two to five years. The leases generally have a CPI increase each year.

Guidance note 44

## Note 12 Contingencies

[Provide details of any contingent assets or liabilities which the JO is party to].

## Note 13 Financial risk management

### Risk management

The JO's activities expose it to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk.

Financial risk management is carried out by the finance team under policies approved by the JO Board.

The fair value of [receivables, investments and financial liabilities – amend as relevant] approximates the carrying amount

## Note 14 Related party disclosures

### Key management personnel

Key management personnel (KMP) of the JO are those persons having the authority and responsibility for planning, directing and controlling the activities of the JO, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement and Other Comprehensive Income is \$215,258:

### Other transactions with KMP and their related parties

Nature of the transaction	Amount of the transactions during the period (\$)	Outstanding balances, including commitments at period end (\$)	Terms and conditions	Provisions for doubtful debts (impairment of receivables) related to the amount of outstanding balances (\$)	Expense recognised during the period relating to bad or doubtful debts (impairment expense) due from related parties (\$)
<b>2019</b>					
Cleaning services <sup>1</sup>	18,000	3,141	14 days	-	-

<sup>1</sup> The JO entered into a 3-year contract in 2019 with CleanMyOffice Limited, a company that is controlled by a member of the KMP of the JO. The total contract value is \$50,000 and the contract was awarded through a preferred supplier arrangement based on market rates for these services. Amounts are payable on a quarterly basis for the duration of the contract.

### Other related parties

Type of related party: (please describe)	Nature of the transactions	Amount of the transactions during the period	Outstanding balances, including commitments at period end	Terms and conditions	Provisions for doubtful debts related to the amount of outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
<b>2019</b>						
[insert relevant details]		-	-		-	-

## Note 15 Events occurring after reporting date

[Describe any events occurring between the period end and date of signing the financial statements.]

## Guidance notes

### General

1. Per AASB 101, a 'complete set of financial statements' comprises:
  - a. a Statement of Financial Position as at the end of the period
  - b. a Statement of Income and Other Comprehensive Income for the period
  - c. a Statement of Changes in Equity for the period
  - d. a Statement of Cash Flow for the period
  - e. notes, comprising a summary of significant accounting policies and other explanatory notes
  - f. comparative information in respect of the preceding period, and
  - g. a Statement of Financial Position as at the beginning of the earliest comparative period (only if the JO has applied an accounting policy retrospectively, made a retrospective restatement of items, or reclassified items in its financial statements) – Not required for JO's under the Reduced Disclosure Requirements.

The statements must all be presented with equal prominence.

2. A JO shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.
3. Consistent accounting policies must be employed in the preparation and presentation of financial statements.

### Materiality

4. Each material class of similar items shall be presented separately in the financial statements. Items of a similar nature or function shall be presented separately unless they are immaterial.

### Extraordinary items

5. A JO shall not present any items of income and expense as extraordinary items, either in the Statement of Profit or Loss and Other Comprehensive Income or in the notes.

### Classification of expenses – Note 3

6. The Office of Local Government (OLG) has determined that expenses are to be classified by nature in the Income Statement.
7. Other expenses should be less than 10% of total expenses. Additional expense categories should be added as necessary.

### Goods and services tax (GST)

8. Interpretation 1031 Accounting for the Goods and Services Tax (GST) provides that revenues and expenses must be recognised net of the amount of GST, except where GST relating to expense items is not recoverable from the taxation authority when it must be recognised as part of the item of expense.
9. Cash flows shall be included in the Statement of Cash Flows on a gross basis.
10. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority shall be classified as operating cash flows and will be included in receipts from customers or payments to suppliers as appropriate.

### Offsetting

11. Assets and liabilities, and income and expenses must not be offset unless required or permitted by an Australian Accounting Standard.

### Statement of Cash flows

12. OLG requires all JOs to use the direct method in reporting cash flows from operating activities whereby major classes of gross cash receipts and gross cash payments are disclosed.
13. Cash flows can only be classified as arising from investing activities if they result in the recognition of an asset in the Statement of Financial Position. Examples of expenditure that should be classified as operating cash flows on this basis are expenditure on advertising or promotional activities, staff training and research costs.
14. OLG requires the payment and/or receipt of interest and dividends to be classified as operating cash flows.

### Significant accounting policies

15. Significant accounting policies must be included in the financial statements. These should be in the relevant note and should provide the following information:
  - a. the measurement basis (or bases) used in preparing the financial statements, and
  - b. the other accounting policies used that are relevant to an understanding of the financial statements.
16. In deciding whether a particular accounting policy should or should not be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position.
17. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Australian Accounting Standards.

### Significant judgements and estimates – Note 1

18. A JO shall disclose the judgements, apart from those involving estimations that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.
19. A JO shall disclose in the notes information about the assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period. In respect of those assets and liabilities, the notes shall include details of:
  - a. their nature, and
  - b. their carrying amount as at the end of the reporting period.
20. The disclosures are presented in a manner that helps users of financial statements to understand the judgements management makes about the future, and about other sources of estimation uncertainty. The nature and extent of the information provided varies according to the nature of the assumption and other circumstances. Examples of the types of disclosures made are:
  - a. the nature of the assumption or other estimation uncertainty
  - b. the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity
  - c. the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next annual reporting period in respect of the carrying amounts of the assets and liabilities affected, and
  - d. an explanation of changes made to past assumptions concerning those assets and liabilities if the uncertainty remains unresolved.

### Revenue – Note 2

21. Disclosure is required of the amount of each significant category of revenue recognised during the period.
22. Grants are to be classified as operating or capital depending on the purpose for which they were received and not on the purpose for which they were spent. General purpose grants and contributions are all classified as operating regardless of how they are spent.
23. Where the JO received assets / liabilities from a former entity e.g. previous regional organisation then the value of the net assets received should be recognised as a gain for the JO on the acquisition date.

### Employee benefits

24. Employee benefits are all forms of consideration given by a JO in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, salaries, and long-service leave), termination benefits (such as severance or redundancy pay), and post-employment benefits (such as retirement benefit plans).
25. Irrespective of how the amount is measured, an employee benefits provision can only be classified on the Statement of Financial Position as a non-current liability if there is no possibility the JO could have to pay out the provision within the next 12 months. This means, for example, that where employees are entitled to take their long-service leave or accrued annual leave during the next 12 months, the provision relating to them must be recorded as a current liability, even though the employees may not be expected to take the leave for an extended period. The amount expected to be paid after 12 months is disclosed in the provisions note.
26. If the expense relating to defined contributions is material, then this should be separately disclosed in the expenses note.

### Financial assets – Notes 4 and 5

27. All financial assets should be measured initially at fair value, being the fair value of the consideration given, including transaction costs (such as advisers' and agents' fees and commissions, duties and levies by regulatory agencies).
28. Transaction costs are recognised in the Income Statement when the financial asset is carried at fair value through profit or loss.
29. Financial assets held at amortised cost are required to be tested for impairment.
30. The impairment test under AASB 9 is an expected credit loss where at day 1, JO- considers the expected loss on a particular financial asset over 12 months and recognises this loss in the Income Statement.

### Cash and cash equivalents – Note 4

31. Cash is 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 insignificant risk of changes in value
32. This includes cash on hand, cash at bank, and at-call and term deposits maturing within three months from the date of acquisition.
33. Note: A term deposit with a term of greater than three months from the date of acquisition is classified as a 'financial asset not as a 'cash and cash equivalent asset' in the Statement of Financial Position. At each reporting date, JOs should consider whether a term deposit meets the definition of 'cash and cash equivalents' for the purpose of the Statement of Cash Flows, and classify it as such (although the Statement of Financial Position classification would not change).

#### **Property, plant and equipment (PPE) – Note 7**

34. PPE is measured at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).
35. A class of property, plant and equipment is a grouping of assets with a similar nature and use in the JOs operation.
36. Each JO will have different classes, depending on their individual operations. The number of classes that are separately disclosed also depends on materiality

#### **Borrowings – Note 8**

37. This Code illustrates that the JO has a bank overdraft as the only borrowings. If the JO has additional borrowings, for example bank loans then refer to the borrowings note in the Local Government Code of Accounting Practice and Financial Reporting for illustrative disclosures.

#### **Provisions – Note 9**

38. A provision should be recognised only when:
  - a. the JO has a present obligation to transfer economic benefits as a result of past events;
  - b. it is probable (more likely than not) that such a transfer will be required to settle the obligation; and
  - c. a reliable estimate of the amount of the obligation can be made.
39. The amount recognised as a provision should be the best estimate of the unavoidable expenditure required to settle in full the present obligation, and should be discounted at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability that have not been reflected in the best estimate of the expenditure.
40. Management should perform an exercise at each reporting date to identify the best estimate of the unavoidable expenditure required to settle in full the present obligation, discounted at an appropriate rate. The increase in provision due to the passage of time is recognised as an interest expense.

#### **Reserves – Note 10**

41. A description of the nature and purpose of each reserve within equity must be provided.
42. In providing a description of the nature and purpose of the reserves, it would be appropriate to refer to any restrictions on their distribution, or any other important characteristics.

#### **Commitments – Note 11**

43. JOs provide information about commitments as required under specific standards. This includes contractual commitments:
  - a. for the acquisition of property, plant and equipment
  - b. for the acquisition of intangible assets
  - c. to purchase, construct or develop investment property or for repairs, maintenance or enhancements
  - d. in relation to finance leases and non-cancellable operating leases.

#### **Contingencies – Note 12**

44. Unless the possibility of any outflow in settlement is remote, a JO shall disclose for each class of contingent liability at the end of the reporting period, a brief description of the nature of the contingent liability and, where practicable:
  - a. an estimate of its financial effect, measured under paragraphs 36-52 of AASB137
  - b. an indication of the uncertainties relating to the amount or timing of any outflow
  - c. the possibility of any reimbursement.

#### **Related party transactions – Note 14**

45. Refer to Appendix I of the Local Government Code of Accounting Practice and Financial Reporting for specific implementation guidance on AASB 124 Related Party Disclosures.
46. The fact that a transaction occurred at arms-length does not provide exemption from disclosure.
47. Transactions of a similar nature may be aggregated for the purpose of the disclosures.
48. Transactions with related parties include those transactions which were undertaken for nil consideration.
49. JOs should consider whether member councils meet the definition of a related party for the purpose of AASB 124.