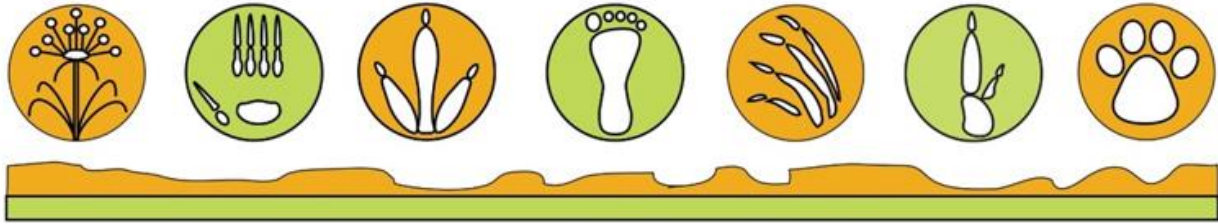


# BARKLY REGIONAL COUNCIL



## MINUTES Audit and Risk Committee Friday 10 November 2023

The meeting of the Audit and Risk Committee of the Barkly Regional Council was held in Council Chambers on Friday 10 November 2023 at 3:00 pm.

### OUR VISION

**We strive to be responsive, progressive, sustainable council which respects, listens and empowers the people to be strong.**

### The Way We Will Work

**We will make it happen!**

**We will be engaged and have regular opportunities to listen.**

**We will have strong policy and budgets to ensure our programs and services are progressive and sustainable.**

**Respect is shown in everything we do and we have acceptance of all cultures in the Barkly Region and their practices through a culturally competent Council.**

**We are a responsible Council.**

**We will be a responsive Council.**

**We want to empower local decision making.**

**We want to ensure that our services are sustainable and that our region has a standard consistent level of services.**

**We want to be able to sustain our environment – our communities, our physical places, our people and our organisational culture.**

**We will aggressively pursue additional funding from both levels of government to improve the standard of living of people across the region.**

**We need to be realistic, transparent and accountable.**

**Ian Bodill**  
Chief Executive Officer

The meeting commenced at 3:00 PM with Shane Smith as chair.

Shane introduced Ian, the CEO and asked him to say something. The CEO thanked the Auditors plus the Audit and Risk Committee for playing their role effectively regarding BRC financials.

## 1 OPENING AND ATTENDANCE

### 1.1 Committee Members Present

- Shane Smith- Independent Member
- Noel Clifford- Independent Member
- Peter Holt- Official Manager

### 1.2 Staff Members And Visitors Present

#### STAFF

- Ian Bodill - Chief Executive Officer
- Romeo Mutsago - Chief Financial Officer
- Murray Davies - Director Corporate Services
- Faye Jennings - Executive Manager
- Emmanuel Okumu - Audit & Governance Manager

#### Visitors Present

- Colin James- Auditor
- Rhenard Dayoan- Auditor

### 1.3 Apologies

NIL

### 1.4 Absent Without Apology

Nil

### 1.5 Disclosure of Interest

There were no declarations of interest at this Audit & Risk Committee Meeting.

## 2 ACTIONS FROM PREVIOUS MINUTES

That item be deferred to the next meeting.

### 3 CONFIRMATION OF COMMITTEE MEETING MINUTES

#### **MOTION**

**That the committee defers the confirmation of the Minutes to the next Meeting.**

#### **RESOLVED**

**Moved: AC Member Shane Smith**

**Seconded: Noel Clifford**

#### **CARRIED UNANIMOUSLY**

*Resolved ARC-23/1*

### 4 REGISTER OF MOTIONS

*Nil*

### 5 UPDATED COMMITTEE WORK PROGRAM REPORTS

The Committee discussed the financials to recommend to the Council grant account.

#### ***Committee Concerns***

Both the Committee members Shane Smith and Noel Clifford raised concerns regarding the treatment of unexpended grants.

Shane Smith asked the Auditors to clarify the treatment of Other Comprehensive Income - Transfer to unexpended grants reserve (\$3,664) and the corresponding Note 11 Transfer from Reserve \$3,664 for an end-of-year balance of \$7,082 of unexpended grants reserve.

#### ***Answers to concerns***

The Auditor explained to the committee members that the auditors thoroughly analysed all grants to confirm whether the performance obligations were covered by either AASB 15 v AASB 1058. The auditors determined that none of the grants received were specific enough in their nature to be treated under AASB 15, so all grants received were treated as income under AASB 1058.

Regarding the Unexpended Grants Reserve, the Auditor explained that the Council Members in previous years wanted to keep track of how much was still owed for completion of jobs under the various programs. As BRC could no longer show the amount of Unexpended Grants at year-end as Liabilities in the Statement of Financial Position, the Council Members determined to transfer the Unexpended Grants at year-end to an Unexpended Grants Reserve.

### ***Response by Committee***

The committee members responded that they were satisfied with the Auditor's explanations.

### ***Further inquiries by the Committee***

The Committee requested information as to who did the revaluation. Romeo informed the Committee that Marsh conducted the revaluation, and the process is outlined in the revaluation report.

The Committee requested the full revaluation report for their reading, and it was circulated to them immediately after the meeting.

### ***Response to the Committee***

Auditors expressed satisfaction with the reasonableness of the process and revaluation outcome.

On the Financials, the Auditors explained that BRC was in a very healthy financial position consistent with FY2022.

PPE value increased significantly due to the revaluation of assets.

### ***Audit Opinion.***

The Auditors explained to the Committee that Audit Opinion was an unqualified audit. The Auditors had no concern or reservations about BRC financials.

The Auditors attributed the delay in issuing the audit report to the need for more time to incorporate revaluation results into the financials.

### ***The Audit management letter.***

The Auditors explained that the audit was clean, with no significant issues to highlight.

### ***Materiality***

The audit committee requested the auditors to confirm the materiality threshold used for the audit.

The auditors confirmed the \$500,000 materiality threshold to the satisfaction of the Audit Committee members, who had judged the materiality level to be \$532,000.

The Auditor indicated that it reflects that they did more work than was needed to come to a reasonable conclusion.

### ***Conclusion***

The Audit Risk Committee indicated that they were satisfied that the presentation and content of the draft FY2023 audited financial statements is fair and reasonable.

## 6 GENERAL BUSINESS

### General Business

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#### 6.1 Draft Financial report

##### 6.1 Draft Financial report

###### MOTION

That Committee

1. received & noted draft financials
2. Recommended the financial statements to Council for incorporation into annual report.

###### RESOLVED

Moved: AC Member Shane Smith

Seconded: Noel Clifford

**CARRIED UNANIMOUSLY**

**BARKLY REGIONAL COUNCIL  
(OFFICIAL MANAGER APPOINTED)  
ABN: 32 171 281 456**

**GENERAL PURPOSE FINANCIAL REPORT**

**For the Year Ended 30 June 2023**

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
ABN: 32 171 281 456  
**GENERAL PURPOSE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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Draft

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
 ABN: 32 171 281 456  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$'000	2022 \$'000
<b>Revenue</b>			
Rates and annual charges	3A	4,408	3,902
Statutory charges	3B	5	9
User charges and fees	3C	988	1,156
Investment income	3D	37	13
Reimbursements	3E	413	585
Other revenue	3F	1,656	753
Grants, subsidies and contributions	3G	19,126	21,237
<b>Total revenue</b>		<u>26,633</u>	<u>27,655</u>
<b>Expenses</b>			
Employee benefits expense	4A	13,671	15,072
Materials, contracts and other expenses	4B	9,048	8,702
Depreciation and amortisation	4C	2,724	2,869
Finance costs	4D	10	13
Other expenses		2,436	68
<b>Total expenses</b>		<u>27,889</u>	<u>26,724</u>
<b>Net operating (deficit)/surplus for the year</b>		<u>(1,256)</u>	<u>931</u>
Asset disposal & fair value adjustments	3H	-	88
Amounts received specifically for new or upgraded assets	3G	781	4,839
		781	4,927
<b>Net (deficit)/surplus for the year</b>		<u>(475)</u>	<u>5,858</u>
<b>Other Comprehensive income</b>			
Gain on revaluation of property, plant and equipment		22,678	-
Transfer to unexpended grants reserve		(3,664)	-
<b>Total comprehensive income/(loss) for the year</b>		<u>18,539</u>	<u>5,858</u>

The accompanying notes form part of these financial statements.



**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
 ABN: 32 171 281 456  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	12,578	12,429
Trade and other receivables	6	2,333	2,921
Inventories	7	80	32
<b>Total current assets</b>		<u>14,991</u>	<u>15,382</u>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	8	62,296	40,852
<b>Total non-current assets</b>		<u>62,296</u>	<u>40,852</u>
<b>Total assets</b>		<u>77,287</u>	<u>56,234</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1,241	2,049
Provisions	10	794	1,127
<b>Total current liabilities</b>		<u>2,035</u>	<u>3,176</u>
<b>Non-current liabilities</b>			
Provisions	10	408	417
<b>Total non-current liabilities</b>		<u>408</u>	<u>417</u>
<b>Total liabilities</b>		<u>2,443</u>	<u>3,593</u>
<b>Net Assets</b>		<u>74,844</u>	<u>52,641</u>
<b>EQUITY</b>			
Accumulated surplus		22,030	26,169
Reserves	11	52,814	26,472
<b>Total Council equity</b>		<u>74,844</u>	<u>52,641</u>

The accompanying notes form part of these financial statements.

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
 ABN: 32 171 281 456  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Unexpended Grants Reserve \$'000	Total Equity \$'000
<b>Balance at 1 July 2021</b>	20,311	23,054	3,423	46,788
Surplus for the year	5,858	-	-	5,858
Other comprehensive loss for the year:				
Transfer to unexpended grants reserve	-	-	(5)	(5)
<b>Closing Balance at 30 June 2022</b>	<b>26,169</b>	<b>23,054</b>	<b>3,418</b>	<b>52,641</b>
<b>Balance at 1 July 2022</b>	26,169	23,054	3,418	52,641
Deficit for the year	(475)	-	-	(475)
Other comprehensive loss for the year:				
Transfer to asset revaluation reserve	-	22,678	-	22,678
Transfer to unexpended grants reserve	(3,664)	-	3,664	-
<b>Closing Balance at 30 June 2023</b>	<b>22,030</b>	<b>45,732</b>	<b>7,082</b>	<b>74,844</b>

1 part of these financial statements.

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
 ABN: 32 171 281 456  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<i>Receipts:</i>			
Rates, fees and user charges		5,401	3,731
Investments		37	13
Grants and contributions received for operating purposes		19,126	21,237
Reimbursements		413	585
Other revenues		2,244	753
<i>Payments:</i>			
Employee costs		(14,013)	(15,324)
Materials, contracts and other expenses		(12,350)	(8,491)
<b>Net cash flows from operating activities</b>	<b>13</b>	<u>858</u>	<u>2,504</u>
<b>Cash flows used in investing activities</b>			
<i>Receipts:</i>			
Amounts received specifically for new or upgraded assets		781	4,839
Proceeds from sale of property, plant and equipment		-	134
<i>Payments:</i>			
Acquisition of property, plant and equipment		(1,490)	(5,620)
<b>Net cash flows used in investing activities</b>		<u>(709)</u>	<u>(647)</u>
<b>Net increase in cash and cash equivalents</b>		149	1,857
Cash and cash equivalents at the beginning of the year		<u>12,429</u>	<u>10,572</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<u><u>12,578</u></u>	<u><u>12,429</u></u>

The accompanying notes form part of these financial statements.

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
 ABN: 32 171 281 456  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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Draft

**BARKLY REGIONAL COUNCIL**

**(OFFICIAL MANAGER APPOINTED)**

ABN: 32 171 281 456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**Introduction**

Barkly Regional Council (Council) is incorporated under the *NT Local Government Act 2019* and has its principal place of business at 41 Peko road, Tennant Creek, Northern Territory, Australia. These financial statements include Council's direct operations and all other operations through which Council controls the resources to carry on its functions.

A summary of Council's functions along with their contribution to the operating result is set out in note 2A. In the process of reporting on the local government as a single entity, all transactions and balances between those activities (for example, loans and transfers between activities) have been eliminated.

Trust monies and properties held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the trust fund is available for inspection at the Council office by any person free of charge.

**Note 1: Summary of Significant Accounting Policies**

**Statement of Compliance**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, the requirements of the *Northern Territory of Australia Local Government Act 2019*, the *Local Government (Accounting) Regulations, 2021* and other authoritative pronouncements of the Australian Accounting Standards Board.

**Basis of Preparation**

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at 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.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure has been made of any material changes to comparatives.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

**Rounding**

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

**Accounting Policies**

**(a) New, Revised or Amending Accounting Standards and Interpretations Adopted**

Council has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

**BARKLY REGIONAL COUNCIL****(OFFICIAL MANAGER APPOINTED)**

ABN: 32 171 281 456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023****Note 1: Summary of Significant Accounting Policies (continued)****(b) Revenue**

Council recognises revenue under AASB 1058 Income of not-for-profit entities (AASB 1058) or AASB 15 Revenue from contracts with customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when Council enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable Council to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable Council to acquire or construct a recognisable non-financial asset that is to be controlled by Council. In this case, Council recognises the excess as a liability that is recognised over time in profit and loss when (or as) Council satisfies its obligations under the transfer.

**Essential services contracts**

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Council did not have an overdraft during the year.

**(d) Trade and Other Receivables**

Trade and other receivables include amounts receivable in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Receivables for rates and annual charges are secured over the subject land and bear interest at rates determined in accordance with the *Local Government Act 2019*. Other receivables are generally unsecured and do not bear interest.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of note 14.

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
ABN: 32 171 281 456  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(e) Infrastructure, Property, Plant and Equipment**

**Land under roads**

Council has elected not to value or recognise as an asset land under roads acquired prior to 1 July 2008 in accordance with the election available under AASB 1051: *Land under roads*.

Land under roads acquired after 1 July 2008 is initially recognised at cost. Land under roads acquired after 1 July 2008 will be brought to account at fair value at the date of the independent valuation.

**Initial recognition**

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The costs of non-current assets constructed by Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised at cost as other non-current assets and transferred to infrastructure, property, plant and equipment when completed ready for use.

**Materiality**

Assets with an economic life of more than one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is held to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in note 8. No capitalisation threshold is applied to the acquisition of land or interests in land.

**Subsequent recognition**

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated based on such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at note 8.

**Depreciation of non-current assets**

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in note 8. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**

ABN: 32 171 281 456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(e) Infrastructure, Property, Plant and Equipment (continued)**

**Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not assessed for impairment.

Other assets that are subject to depreciation are reviewed 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 (which is the higher of the present value of future cash outflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

**(f) Trade and Other Payables**

**Goods and services**

Trade payables are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Trade payables are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

**Payments received in advance and deposits**

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded.

**(g) Employee Benefits**

**Salaries, wages and compensated absences**

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for personal leave as Council experience indicates that, on average, personal leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken personal leave.

**Superannuation**

Council makes employer superannuation contributions in respect of its employees to a number of complying superannuation funds in accordance with the Superannuation Choice Legislation. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in note 16.



**BARKLY REGIONAL COUNCIL  
(OFFICIAL MANAGER APPOINTED)**

ABN: 32 171 281 456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023****Note 1: Summary of Significant Accounting Policies (continued)****(h) Leases****Council as lessee**

At inception of a contract, Council assesses if the contract is, or contains, a lease. If there is a lease present, a lease asset and a corresponding lease liability is recognised by Council where Council is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, Council uses the incremental borrowing rate.

The right-to-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the lease assets is at cost less accumulated depreciation and impairment losses.

Lease assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the lease asset reflects that Council anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**(i) Financial Instruments****Initial recognition and measurement**

Financial assets and financial liabilities are recognised when Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that Council commits itself to either purchase or sell the asset.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit and loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

**Classification and subsequent measurement**

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

Amortised cost is calculated as the amount at which the financial asset or liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

**BARKLY REGIONAL COUNCIL  
(OFFICIAL MANAGER APPOINTED)**

ABN: 32 171 281 456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023****Note 1: Summary of Significant Accounting Policies (Continued)****(i) Financial Instruments (continued)****Impairment**

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

With the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, Council recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**Derecognition**

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby Council no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where 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 profit or loss.

**(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 flows are included in the cash flow statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(k) Income tax**

No provision for income tax has been raised as Council believes that it is exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**(l) Provisions**

Provisions are recognised when 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.

**(m) Critical Accounting Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances.

**Key estimates**

*Useful lives of property, plant and equipment*

As described in Note 1(e), Council reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. The rate is based on what Council estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the lease asset, with similar terms, security and economic environment.

**Key judgements**

*Employee benefits*

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As Council expects that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows the directors believe that obligations for annual leave entitlements satisfy the definition of short-term employee benefits.

**(n) Economic Dependency**

The continued operation of Council is dependent on funding from the Commonwealth and Northern Territory Governments. At the date of this report, Council has no reason to believe the support will not continue.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

**(o) Fair Value of Assets and Liabilities**

Council measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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

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

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

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**BARKLY REGIONAL COUNCIL  
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**Note 2A: Functions**

Revenues and expenses have been attached to the following functions. Council believes that it is not practical at this stage to reliably attribute the carrying amounts of fixed assets to the functions.

	General Public Services		Public Order and Safety		Economic Affairs		Environmental Protection	
	Budget 2023 \$'000	Actual 2022 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Budget 2023 \$'000	Actual 2022 \$'000
<b>Operating Revenue</b>								
Rates and annual charges	5,221	4,408	-	-	-	-	-	-
Statutory and user charges	490	138	18	5	-	-	569	160
Grants	12,068	10,578	3,177	2,580	1,277	1,037	-	-
Investment income	11	37	-	-	-	-	-	-
Reimbursements and other revenues	141	929	-	1	-	-	-	1
<b>Total income</b>	<b>17,931</b>	<b>16,090</b>	<b>3,195</b>	<b>2,586</b>	<b>1,277</b>	<b>1,037</b>	<b>569</b>	<b>161</b>
<b>Expenditure</b>								
Employee costs	4,838	4,250	1,980	1,740	1,210	1,063	-	-
Materials, contracts and other expenses	3,573	4,201	647	761	-	-	339	398
Depreciation	2,024	2,169	-	-	-	-	-	-
Finance charges	56	10	-	-	-	-	-	-
<b>Total expenditure</b>	<b>10,491</b>	<b>10,630</b>	<b>2,627</b>	<b>2,501</b>	<b>1,210</b>	<b>1,063</b>	<b>339</b>	<b>398</b>
<b>Net surplus/(deficit)</b>	<b>7,440</b>	<b>5,460</b>	<b>568</b>	<b>85</b>	<b>67</b>	<b>(26)</b>	<b>230</b>	<b>(237)</b>
				<b>1,025</b>		<b>242</b>		<b>(115)</b>

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**Note 2A: Functions (continued)**

Revenues and expenses have been attached to the following functions. Council believes that it is not practical at this stage to reliably attribute the carrying amounts of fixed assets to the functions.

	Housing and Community Amenities		Recreation, Culture and Religion		Social Protection		Total	
	Budget 2023 \$'000	Actual 2022 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Budget 2023 \$'000	Actual 2022 \$'000
<b>Operating Revenue</b>								
Rates and annual charges	-	-	-	-	-	-	5,221	4,408
Statutory and user charges	566	159	242	68	1,640	462	3,526	993
Grants	382	310	2,932	2,380	3,723	3,022	23,558	19,907
Investment income	-	-	-	-	-	-	11	37
Reimbursements and other revenues	167	1,095	3	20	22	15	315	2,069
<b>Total income</b>	<b>1,115</b>	<b>1,564</b>	<b>3,177</b>	<b>2,468</b>	<b>5,366</b>	<b>3,506</b>	<b>32,631</b>	<b>27,414</b>
<b>Expenditure</b>								
Employee costs	3,630	3,189	1,738	1,527	2,166	1,903	15,562	13,671
Materials, contracts and other expenses	2,275	2,674	1,021	1,201	1,914	2,250	9,769	11,484
Depreciation	519	555	-	-	-	-	2,543	2,724
Finance charges	-	-	-	-	-	-	56	10
<b>Total expenditure</b>	<b>6,424</b>	<b>6,418</b>	<b>2,759</b>	<b>2,728</b>	<b>4,080</b>	<b>4,153</b>	<b>27,930</b>	<b>27,889</b>
<b>Net surplus/(deficit)</b>	<b>(5,309)</b>	<b>(4,854)</b>	<b>418</b>	<b>(260)</b>	<b>1,286</b>	<b>(647)</b>	<b>4,701</b>	<b>(475)</b>
								<b>5,858</b>

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**Note 2B: Components of Functions**

The activities relating to Council functions reported in Note 2A are as follows:

**General Public Services**

Administrative, legal and executive affairs, financial and fiscal affairs and general services.

**Public Order and Safety**

Animal management, environmental health and night patrol.

**Economic Affairs**

Employment creation programs, regional development, support to local businesses, tourism and other economic development.

**Environmental Protection**

Cemetaries, waste management, domestic waste, green waste, recycling, waste disposal facility, other waste management and other environment.

**Housing and Community Amenities**

Community services, council buildings, essential services, infrastructure services, municipal services, parks and gardens, roads, stormwater and drainage, street cleaning, street lighting, streetscaping and visitor accomodation.

**Recreation, Culture and Religion**

Facilities and venues, recreation parks and reserves, swimming centres, youth services, culture and religion services, museums and libraries.

**Social Protection**

Community and aged care services, NDIS services, safe-house services.

	2023 \$'000	2022 \$'000
<b>Note 3: Revenue and Other Income</b>		
<b>Note 3A Rates and Annual Charges</b>		
General rate income base	3,270	2,864
Less discretionary rebates, remissions and write offs	-	(2)
	<u>3,270</u>	<u>2,862</u>
Domestic waste charge income base	1,138	1,040
<b>Total user charges and fees</b>	<u><u>4,408</u></u>	<u><u>3,902</u></u>
<b>Note 3B Statutory Charges</b>		
Animal registration fees and fines	1	5
Other licences, fees and fines	4	4
<b>Total statutory charges</b>	<u><u>5</u></u>	<u><u>9</u></u>
<b>Note 3C User Charges and Fees</b>		
Cemetary fees	11	16
Client contributions - aged care	211	251
Hall and equipment hire	24	43
NDIS services	119	177
Rental and staff accomodation	259	424
Sales - fuel	-	1
Sales - refuse facilities	282	162
Sales - swimming pool	82	64
Sales - general	-	18
<b>Total user charges and fees</b>	<u><u>988</u></u>	<u><u>1,156</u></u>

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	2023 \$'000	2022 \$'000
<b>Note 3:</b>	<b>Revenue and Other Income (continued)</b>	
<b>Note 3D</b>	<b>Investment Income</b>	
	37	13
	37	13
<b>Note 3E</b>	<b>Reimbursements</b>	
	302	509
	74	46
	15	15
	22	15
	413	585
	413	585
<b>Note 3F</b>	<b>Other revenue</b>	
	-	307
	18	11
	441	421
	-	1
	1,197	13
	1,656	753
	1,656	753
<b>Note 3G</b>	<b>Grants, Subsidies and Contributions</b>	
	781	4,839
	781	4,839
	<i>Other grants, subsidies and contributions</i>	
	7,512	7,373
	2,654	2,354
	2,419	2,419
	491	620
	185	169
	619	2,806
	2,172	2,164
	1,964	2,138
	1,114	1,194
	(4)	-
	19,126	21,237
	19,126	21,237
	<b>Total revenue from grants, subsidies and contributions</b>	
	19,907	26,076
	19,907	26,076
	<b>Sources of grants</b>	
	8,190	14,441
	11,269	11,635
	448	-
	19,907	26,076
	19,907	26,076
	The functions to which these grants relate are shown in Note 2.	
<b>Note 3H</b>	<b>Asset Disposals and Fair Value Adjustments</b>	
	<i>Infrastructure, Property, Plant and Equipment</i>	
	<i>Assets renewed or directly replaced</i>	
	-	134
	-	46
	-	88
	-	88



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	Note	2023 \$'000	2022 \$'000
<b>Note 4: Expenses</b>			
<b>Note 4A Employee Benefits Expense</b>			
Salaries and wages		9,889	11,139
Leave and other entitlements		1,483	1,778
Superannuation contributions	16	1,083	1,205
Workers compensation insurance		591	445
Other		625	505
<b>Total employee benefits expense</b>		<u>13,671</u>	<u>15,072</u>
Total number of full time equivalent employees at the end of the reporting period		245	154
<b>Note 4B Materials, Contracts and Other Expenses</b>			
Audit fees - audit		23	36
Elected members' expenses		399	406
Lease expenses - short term		723	810
Prescribed expenses		<u>1,145</u>	<u>1,252</u>
<i>Other materials, contracts and expenses</i>			
Contractors		406	241
Communication		377	474
Plant and motor vehicle repairs and running costs		898	853
Repairs and maintenance		554	608
Legal fees		30	10
Materials - other		721	1,419
Minor equipment		433	717
Insurance		575	624
Professional services		1,098	515
Groceries		467	395
Utilities		1,379	946
Annual software license fees		725	444
Grants returned		4	90
Sundry		236	114
		<u>7,903</u>	<u>7,450</u>
<b>Total materials, contracts and other expenses</b>		<u>9,048</u>	<u>8,702</u>
<b>Note 4C Depreciation and amortisation</b>			
<i>Depreciation</i>			
Buildings - structures and site improvements		1,416	1,584
Infrastructure		461	417
Plant and equipment		847	868
<b>Total depreciation and amortisation</b>	8	<u>2,724</u>	<u>2,869</u>
<b>Note 4D Finance cost</b>			
Bank charges		<u>10</u>	<u>13</u>
<b>Note 5: Cash and Cash Equivalents</b>			
Cash on hand and at bank		9,417	9,292
Deposits at call		3,161	3,137
<b>Total cash and cash equivalents</b>		<u>12,578</u>	<u>12,429</u>

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	2023 \$'000	2022 \$'000
<b>Note 6: Trade and Other Receivables</b>		
Rates - general and other	1,689	928
Accrued revenues	-	27
Trade receivables - general	564	231
Other levels of government	-	71
Prepayments	-	58
Other receivables	79	1,595
Aged care facility deposits	1	32
	<u>2,333</u>	<u>2,942</u>
Provision for impairment	-	(21)
<b>Total current trade and other receivables</b>	<u><u>2,333</u></u>	<u><u>2,921</u></u>

No collateral has been pledged for any of the current or non-current trade and other receivable balances.

**(a) Impairment of receivables**

Council applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all accounts receivable.

**Credit Risk**

Council has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to Council.

The following table details Council's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon. Amounts are considered as

Movements in the allowance for expected credit losses are as follows:

Opening balance	21	21
Reduction in provision	(21)	-
Closing balance	<u>-</u>	<u>21</u>

Council does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

<b>Note 7: Inventories</b>		
Stores and materials	<u>80</u>	<u>32</u>

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	2023 \$'000	2022 \$'000
<b>Note 8: Property, Plant and Equipment</b>		
Land, at fair value	4,111	3,377
Land, at cost	-	29
	<u>4,111</u>	<u>3,406</u>
Buildings, structures and site improvements, at fair value	41,710	53,598
Buildings, at cost	-	3,317
Less: Accumulated depreciation	-	(43,586)
	<u>41,710</u>	<u>13,329</u>
Infrastructure, at fair value	4,486	6,166
Infrastructure, at cost	-	3,427
Less: Accumulated depreciation	-	(3,996)
	<u>4,486</u>	<u>5,597</u>
Plant and equipment, at fair value	11,989	5,850
Plant and equipment, at cost	-	5,336
Less: Accumulated depreciation	-	(7,059)
	<u>11,989</u>	<u>4,127</u>
Capital work in progress	-	14,393
	<u>-</u>	<u>14,393</u>
<b>Total property, plant and equipment</b>	<u><u>62,296</u></u>	<u><u>40,852</u></u>
Total property, plant and equipment, at fair value	62,296	95,493
Total accumulated depreciation	-	(54,641)
<b>Total property, plant and equipment</b>	<u><u>62,296</u></u>	<u><u>40,852</u></u>

**Asset Revaluations**

Property, plant and equipment was independently valued at 30 June 2023 by AssetVal Pty Ltd.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**Note 8: Property, Plant and Equipment (continued)**

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

	Land \$'000	Buildings, structures and site improvements \$'000	Infrastructure \$'000	Plant and equipment \$'000	Capital work in progress \$'000	Total \$'000
Balance at 1 July 2022	3,406	13,329	5,597	4,127	14,393	40,852
Additions, at cost	-	1,177	-	313	-	1,490
Depreciation	-	(1,416)	(461)	(847)	-	(2,724)
Revaluation	705	15,109	(734)	7,598	-	22,678
Reallocation	-	13,511	84	798	(14,393)	-
<b>Carrying amount at 30 June 2023</b>	<b>4,111</b>	<b>41,710</b>	<b>4,486</b>	<b>11,989</b>	<b>-</b>	<b>62,296</b>

**Valuation of assets**

**General valuation principals**

*Accounting procedure:*

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair value measurements*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

**Highest and best use:**

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some, or all the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

**Fair value hierarchy level 2 valuations:**

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

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**Note 8: Property, Plant and Equipment (continued)**

**Fair value hierarchy level 3 valuations of land:**

Valuations of crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and/or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

**Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets:**

There is no known market for these assets, and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

**Capitalisation thresholds**

Capitalisation thresholds used by Council for all assets is \$5,000. No capitalisation threshold is applied to the acquisition of land or interests in land.

**Estimated useful lives:**

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, furniture and equipment	
Office furniture and equipment	5 years
Light vehicles	3 to 7 years
Heavy vehicles	8 to 12 years
Other plant and equipment	5 years
Building and other structures	
Buildings - masonry	40 years
Buildings - other construction	15 to 40 yeas
Infrastructure	
Pool and waterpark infrastructure	15 to 30 years
Telecommunications infrastructure	5 to 7 years
Water pumping and bore infrastructure	5 years

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**Note 8: Property, Plant and Equipment (continued)**

**Transition to AASB 13**

The requirements of AASB 13 *Fair value measurement* has been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

**Land under roads**

Council is of the opinion that it is not possible to attribute a value sufficiently reliable to qualify for recognition, and therefore land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

**Land and land improvements**

Freehold land was valued at 30 June 2023 at fair value by AssetVal Pty Ltd.

**Buildings and other structures**

Buildings and other structures was valued at fair value at 30 June 2023 by AssetVal Pty Ltd.

**Road transport infrastructure**

Road transport infrastructure was valued at both replacement cost and fair value at 30 June 2023 by AssetVal Pty Ltd. Pursuant to advice from the Department of Community and Local Government Services these assets have not been recorded in the financial statements of Council. Road Transport Infrastructure valuations have been reported at note 20 for information purposes only.

**Other Infrastructure**

Other infrastructure was valued at 30 June 2023 at fair value by AssetVal Pty Ltd.

**Plant and equipment**

Plant and equipment was valued at 30 June 2023 at fair value by AssetVal Pty Ltd.

**All other assets**

These assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk and written out when fully depreciated.

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	2023 \$'000	2022 \$'000
<b>Note 9: Trade and Other Payables</b>		
Trade and other payables	338	1,474
Accrued expenses	647	229
Payments received in advance	256	346
<b>Total trade and other payables</b>	<u>1,241</u>	<u>2,049</u>

Settlement of trade creditors is generally net 30 days.

**a. Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables:		
- total current	1,241	2,049
- total non-current	-	-
	<u>1,241</u>	<u>2,049</u>
Less payments received in advance	(256)	(346)
Less GST payable	(66)	-
<b>Financial liabilities as trade and other payables</b>	<u>919</u>	<u>1,703</u>

No interest is payable on outstanding payables.

<b>Note 10: Provisions</b>		
<i>Current</i>		
Employee benefits - annual leave entitlements	643	1,127
Employee benefits - long service leave entitlements	151	-
<b>Total current provisions</b>	<u>794</u>	<u>1,127</u>
<i>Non-Current</i>		
Employee benefits - long service leave entitlements	408	417
<b>Total provisions</b>	<u>1,202</u>	<u>1,544</u>

<b>Note 11: Reserves</b>		
<b>Movement in reserves</b>		
<i>Asset revaluation reserves</i>		
<i>Land</i>		
Balance at beginning of reporting year	3,010	3,010
Revaluation of buildings and improvements	705	-
Balance at end of the reporting year	<u>3,715</u>	<u>3,010</u>
<i>Buildings and infrastructure</i>		
Balance at beginning of reporting year	19,104	19,104
Revaluation of buildings and improvements	14,375	-
Balance at end of the reporting year	<u>33,479</u>	<u>19,104</u>
<i>Plant and equipment</i>		
Balance at beginning of reporting year	940	940
Revaluation of buildings and improvements	7,598	-
Balance at end of the reporting year	<u>8,538</u>	<u>940</u>
<b>Total asset revaluation reserves</b>	<u>45,732</u>	<u>23,054</u>

The asset revaluation reserves are used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**

ABN: 32 171 281 456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	2023 \$'000	2022 \$'000
<b>Note 11: Reserves (continued)</b>		
<i>Unexpended grants reserve</i>		
Balance at beginning of reporting year	3,418	3,423
Transfer from reserve	3,664	(5)
<b>Balance at end of the reporting year</b>	<u>7,082</u>	<u>3,418</u>
Unspent grant funds are recognised as revenue under AASB 1058: Income for Not-for-profit entities as Council generally has no incomplete specific performance obligation and has therefore earned the revenue. These funds are recorded in the unspent grants reserve and are shown within equity. Grants with an outstanding specific performance obligation are treated as a liability.		
Total reserves	<u>52,814</u>	<u>26,472</u>

**Note 12: Assets Subject to Restrictions**

The uses of the following assets are restricted, wholly, or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to council, or for which the revenues were originally obtained.

	Notes	2023 \$'000	2022 \$'000
<b>Cash and Financial Assets</b>			
Unexpended amounts received in relation to funded programs	11	<u>7,082</u>	<u>3,418</u>
<i>The following liabilities, included in note 9, may be discharged from restricted assets in the first instance.</i>			
Payables	9	919	1,703
Provisions	10	<u>1,202</u>	<u>1,544</u>
		<u>2,121</u>	<u>3,247</u>

**Note 13: Reconciliation to Statement of Cash Flows**

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at call deposits with other financial institutions. Term deposits with a maturity period of 89 days or less are also included. Cash at the end of the financial year is shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

<b>(a) Reconciliation of cash</b>		
Cash on hand and at bank	9,417	9,292
Short term deposits	<u>3,161</u>	<u>3,137</u>
<b>Balance as per Statement of Cash Flows</b>	<u>12,578</u>	<u>12,429</u>



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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	2023 \$'000	2022 \$'000
<b>Note 13: Reconciliation to Statement of Cash Flows (continued)</b>		
<b>(b) Reconciliation of Cash Flow from Operating Activities with Current Year (Deficit)/Surplus</b>		
Current year (deficit)/surplus	(475)	5,858
<i>Non-cash flows:</i>		
Gain/(loss) from disposal of property, plant and equipment	-	(88)
Depreciation and amortisation	2,724	2,869
Grants for capital acquisitions treated as Investing Activity	(781)	(4,839)
<i>Changes in assets and liabilities:</i>		
<i>(Increase) / Decrease in assets:</i>		
Trade and other receivables	588	(1,336)
Inventories	(48)	(15)
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables	(808)	307
Employee provisions	(342)	(252)
<b>Net cash from operating activities</b>	<u>858</u>	<u>2,504</u>
<b>(c) Financing arrangements</b>		
Unrestricted access was available at balance date to the following lines of credit:		
Corporate credit cards	<u>50</u>	<u>50</u>

**Note 14: Financial Risk Management**

**Accounting policies - recognised financial instruments**

*Bank, deposits at call, short term deposits*

**Accounting policy:** initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned.

**Terms and conditions:** Deposits are returning a fixed interest rate of 1.25% (2022: 0.01% and 0.05%). Short term deposits have an average maturity of 30 days and average interest rates of 1.25% (2022: 30 days, 0.05%).

**Carrying amount:** approximates fair value due to the short term maturity.

*Receivables - rates and associated charges*

**Accounting policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms and conditions:** Secured over the subject land, arrears attract interest of 10% (2022: 10%). Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within Council's boundaries in the State.

**Carrying amount:** approximates fair value (after deduction of any allowance).

*Receivables - fees and other charges*

**Accounting policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms and conditions:** Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within Council's boundaries.

**Carrying amount:** approximates fair value (after deduction of any allowance).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**Note 14: Financial Risk Management (continued)**

*Receivables - other levels of government*

**Accounting policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms and conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by departments and agencies of state and commonwealth governments.

**Carrying amount:** approximates fair value.

*Receivables - retirement home*

**Accounting policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms and conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

**Carrying amount:** approximates fair value (after deduction of any allowance).

*Liabilities - creditors and accruals*

**Accounting policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to Council.

**Terms and conditions:** Liabilities are normally settled on 30 day terms.

**Carrying amount:** approximates fair value.

**(a) Accounting Classification**

Council's financial instruments consist mainly of deposits with banks, short term investments, trade and other receivables, trade and other payables and lease liabilities.

The following table shows the allocation of carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		Held-to-Maturity \$'000	Other financial assets \$'000	Other financial liabilities \$'000
<b>30 June 2023</b>				
<b>Financial assets measured at amortised cost:</b>				
Cash and cash equivalents	<b>Note 5</b>	-	12,578	-
Trade and other receivables	<b>6</b>	-	2,333	-
<b>Financial liabilities measured at amortised cost:</b>				
Trade and other payables	<b>9a</b>	-	-	919
<b>Total financial liabilities</b>		-	<b>14,911</b>	<b>919</b>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**Note 14: Financial Risk Management (continued)**

		Held-to- Maturity	Other financial assets	Other financial liabilities
		\$'000	\$'000	\$'000
<b>30 June 2022</b>				
<b>Financial assets measured at amortised cost:</b>				
Cash and cash equivalents	Note 5	-	12,429	-
Trade and other receivables	6	-	2,921	-
<b>Financial liabilities measured at amortised cost:</b>				
Trade and other payables	9a	-	-	1,703
<b>Total financial liabilities</b>		-	15,350	1,703

**Fair values**

Unless otherwise stated, all carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of Council.

Council does not have any derivative instruments as at 30 June 2023 (2022: \$Nil).

**(b) Financial Risk Management**

Council has exposure to the following risks arising from financial instruments:

- i. Credit risk;
- ii. Liquidity risk; and
- iii. Market risk

Risk management framework

Council has overall responsibility for the establishment and oversight of Council's risk management framework. Council's risk management policies are established to identify and analyse the risks faced by Council, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

(i) Credit risk

Credit risk is the risk of financial loss to Council if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Council's receivables from rate payers.

Council's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and the accompanying notes to the financial statements.

Council's main concentration of credit risk is with Westpac and ANZ Banks as Council's bank accounts are held with these banking institutions.

The maximum credit risk on the financial assets of Council is the carrying amount of trade and other receivables net of any allowances for doubtful debts. Council believes that it does not have any significant credit risk exposure to any other counter party or group of counter parties as Council actively manages credit risk by following up outstanding debtors.

There are no material amounts of collateral held as security as at 30 June 2023 (2022: \$Nil).

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**Note 14: Financial Risk Management (continued)**

(ii) Liquidity risk

Liquidity risk is the risk that Council will not be able to meet its obligations as and when they fall due. Council manages its liquidity risk by monitoring actual expenditure to ensure it is maintaining sufficient cash reserves.

(iii) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect Council's income or the values of its holdings of financial instruments.

Council does not have any exposure in relation to changes in foreign exchange rates and equity prices. Council is however, exposed to interest rate risk in relation to cash and cash equivalents and short term investments (term deposits). Council partly manages this by entering into fixed-rate instruments.

**Exposure to interest rate risk**

The interest rate profile of Council's interest-bearing financial instruments is as follows:

	Note	2023 \$'000	2022 \$'000
Fixed rate instruments (held-to-maturity investments)	5	3,161	3,137
Variable rate instruments (cash and cash equivalents, excluding cash on hand)	5	9,417	9,292
		<u>12,578</u>	<u>12,429</u>

*Fair value sensitivity analysis for fixed-rate instruments*

Council does not account for any fixed-rate financial asset or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates as the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonably possible change in 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	100bp Increase	100bp Decrease
<b>30 June 2023</b>		
Variable rate instruments	94	(94)
<b>30 June 2022</b>		
Variable rate instruments	93	(93)

**Note 15: Financial Indicators**

These Financial Indicators have been calculated in accordance with information paper 9 -Local Government Financial Indicators prepared as part of the Local Government Association Financial Sustainability Program.

	2023	2022
(a) <b>Operating Surplus Ratio</b>	-5%	3%

Operating Surplus  
Total Operating Revenue

This ratio expresses the operating surplus as a percentage of total operating revenue.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
<b>Note 15: Financial Indicators (continued)</b>		
<b>(b) Current ratio</b>	3.89%	3.77%
<u>Current assets - externally restricted assets</u> Current liabilities		
<b>(c) Rate coverage percentage</b>	16.55%	14.11%
<u>Rate revenues</u> Total revenues		
<b>(d) Rates and annual charges outstanding percentage</b>	63.98%	63.04%
<u>Rates and annual charges outstanding</u> Rates and annual charges collectible		

**Note 16: Superannuation**

Council contributes in respect of its employees to superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme.

**Accumulation only members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of 10.5% (2022: 10%) of ordinary time earnings in accordance with superannuation guarantee legislation. No further liability accrues to Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the fund.

The amount of the superannuation contributions made by Council during the year ended 30 June 2023 was \$1,083,088 (2022: \$1,205,000).

**Note 17: Contingent Assets and Contingent Liabilities**

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has not identified any potential claims that may have existed at reporting date.

Council receives significant income from a number of grant funding providers. If grant monies are not expended in accordance with the funding agreements, there is a potential for funding to be withdrawn and a requirement that these funds be repaid to the relevant funding body.

**BARKLY REGIONAL COUNCIL**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**Note 18: Events After the Reporting Period**

On 17 October 2023 an Official Manager was appointed by the Northern Territory Government to administer the operations of Barkly Regional Council.

Other than the above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect Council's operations, the results of those operations or Council's state of affairs in future financial years.

**Note 19: Related Party Transactions**

(a) Key Management Personnel

The key management personnel of Council include the Mayor, Councillors, the CEO and certain prescribed officers. The total compensation is:

	<b>2023*</b> <b>\$'000</b>	<b>2022*</b> <b>\$'000</b>
Key management personnel compensation	1,485	1,093

\* Short term benefits provided to the CEOs in 2023 totalled \$269,597 (2022: \$224,569). There were no long term benefits.

Other Related Party Transactions

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30-day account. Purchases from these individual businesses are made in accordance with approved Council purchasing policy and the requirements of the *NT Local Government Act 2019*.

One close family member of KMP is employed by Council in accordance with the terms of the Award, and as recorded in the public register of salaries maintained in accordance with section 105 of the *NT Local Government Act 2019*.

**Note 20: Road Transport Infrastructure**

Road transport infrastructure assets were valued at 30 June 2023 by AssetVal Pty Ltd. Pursuant to advice from the Department of Community and Local Government Services, these assets have not been recorded in the financial statements of Council. Road Transport Infrastructure valuations have been reported for information purposes only.

Road transport infrastructure valuations are detailed below:

	<b>Replacement cost \$</b>	<b>Fair Value \$</b>
1. Roads	57,042,483	28,072,798
2. Culverts	979,489	502,818
3. Footpaths	2,426,531	1,479,805
4. Kerbs and gutters	10,564,319	5,184,282
5. Point Generic	519,000	126,732
6. LGANT managed roads	25,491,254	16,824,000
	<u><b>97,023,076</b></u>	<u><b>52,190,435</b></u>

An annual depreciation charge on road transport infrastructure totalling \$3,565,448 (2022: \$2,477,906) has not been recorded in the statement of profit or loss and other comprehensive income for the year ended 30 June 2023.

**BARKLY REGIONAL COUNCIL**  
**(OFFICIAL MANAGER APPOINTED)**  
ABN: 32 171 281 456

**OFFICIAL MANAGER'S CERTIFICATE**  
**FOR THE YEAR ENDED 30 JUNE 2023**

I, Peter Holt, Official Manager of Barkly Regional Council (Council), certify that to the best of my knowledge, information and belief:

- a. the General Purpose Financial Report has been properly drawn up in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 2019* and the *Local Government (Accounting) Regulations 2021* so as to present fairly the financial position of Council as at 30 June 2022 and its financial performance for the year ended on that date;
- b. the General Purpose Financial Report is in accordance with the accounting and other records of Council; and
- c. there are reasonable grounds to believe that Council will be able to pay its debts as and when they become due and payable.

---

Peter Holt  
Official Manager

Date: 13 November 2023

Draft

## INDEPENDENT AUDITOR'S REPORT

### TO THE OFFICIAL MANAGER OF BARKLY REGIONAL COUNCIL

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Barkly Regional Council (Council), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of working capital, the statement of changes in equity, the statement of cash flows for the year then ended, the notes to the financial report including a summary of significant accounting policies and the Official Manager's certificate.

In our opinion, the financial report of Barkly Regional Council has been prepared in accordance with the *Local Government Act 2019* and the *Local Government (Accounting) Regulations 2021*, including:

- (i) giving a true and fair view of Council's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 2019* and the *Local Government (Accounting) Regulations 2021*.

##### Basis for Opinion

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 Council in accordance with 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.

##### Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting and the significant accounting policies. The financial report has been prepared to assist Council to meet the reporting requirement of the *Local Government Act, 2019* and the *Local Government (Accounting) Regulations 2021*. As a result, the financial report may not be suitable for another purpose.

##### Responsibilities of the Official Manager for the Financial Report

The Official Manager of Council is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards, the *Local Government Act, 2019* and the *Local Government (Accounting) Regulations 2021* and for such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of a 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 Official Manager is responsible for assessing Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Official Manager intend to either liquidate Council or to cease operations, or have no realistic alternative but to do so.

The Official Manager is also responsible for overseeing Council's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT**

**TO THE OFFICIAL MANAGER OF BARKLY REGIONAL COUNCIL**

**Report on the Audit of the Financial Report (continued)**

***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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

This description forms part of our auditor's report.

**LOWRYS AUDIT**

Colin James, FCA  
**Registered Company Auditor**

Darwin  
Date: 13 November 2023

Draft

## 7 CLOSE OF MEETING

The meeting terminated at 5:20pm.

THIS PAGE AND THE PRECEDING 42 PAGES ARE THE MINUTES OF THE RISK & AUDIT COMMITTEE MEETING HELD ON 10 NOVEMBER 2023 AND ARE UNCONFIRMED.