

Manly Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"Manly - where the natural environment and heritage sustain and
complement a vibrant cosmopolitan and community lifestyle"*



Manly Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Manly Council.

(ii) Manly Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Paragraph 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 04/10/12.
Council has the power to amend and reissue the financial statements.

Manly Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 07 September 2012.


Sean Hay
MAYOR


Mr Henry Wong
GENERAL MANAGER


Mrs Jenny Nascimento
RESPONSIBLE ACCOUNTING OFFICER

Manly Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012	\$ '000	Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
34,007	Rates & Annual Charges	3a	33,969	32,888
13,246	User Charges & Fees	3b	12,050	12,015
899	Interest & Investment Revenue	3c	1,032	1,047
5,863	Other Revenues	3d	5,249	5,469
3,547	Grants & Contributions provided for Operating Purposes	3e,f	4,429	5,216
840	Grants & Contributions provided for Capital Purposes	3e,f	802	2,410
Other Income:				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	291	240
58,402	Total Income from Continuing Operations		57,822	59,285
Expenses from Continuing Operations				
29,217	Employee Benefits & On-Costs	4a	29,499	27,660
1,096	Borrowing Costs	4b	482	600
14,510	Materials & Contracts	4c	15,577	15,641
6,799	Depreciation & Amortisation	4d	8,462	8,069
-	Impairment	4d	-	-
5,197	Other Expenses	4e	5,361	5,323
-	Net Losses from the Disposal of Assets	5	41	53
56,819	Total Expenses from Continuing Operations		59,422	57,346
1,583	Operating Result from Continuing Operations		(1,600)	1,939
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	103	(232)
1,583	Net Operating Result for the Year		(1,497)	1,707
1,583	Net Operating Result attributable to Council		(1,497)	1,707
-	Net Operating Result attributable to Minority Interests		-	-
743	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,299)	(703)

(1) Original Budget as approved by Council - refer Note 16

Manly Council

Statement of Comprehensive Income for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		(1,497)	1,707
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	-	(47,325)
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	(262)
Total Other Comprehensive Income for the year		-	(47,587)
Total Comprehensive Income for the Year		(1,497)	(45,880)
Total Comprehensive Income attributable to Council		(1,497)	(45,880)
Total Comprehensive Income attributable to Minority Interests		-	-

Manly Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	10,850	11,851
Investments	6b	3,493	2,151
Receivables	7	3,331	3,509
Inventories	8	29	29
Other	8	147	166
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		17,850	17,706
Non-Current Assets			
Investments	6b	-	-
Receivables	7	320	318
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	688,178	685,123
Investments accounted for using the equity method	19	1,680	1,481
Intangible Assets	25	961	1,005
Other	8	1,834	2,906
Total Non-Current Assets		692,973	690,833
TOTAL ASSETS		710,823	708,539
LIABILITIES			
Current Liabilities			
Payables	10	9,668	11,544
Borrowings	10	1,191	1,256
Provisions	10	6,440	5,635
Total Current Liabilities		17,299	18,435
Non-Current Liabilities			
Payables	10	2,231	-
Borrowings	10	11,100	8,414
Provisions	10	203	203
Total Non-Current Liabilities		13,534	8,617
TOTAL LIABILITIES		30,833	27,052
Net Assets		679,990	681,487
EQUITY			
Retained Earnings	20	501,068	502,565
Revaluation Reserves	20	178,922	178,922
Council Equity Interest		679,990	681,487
Minority Equity Interest		-	-
Total Equity		679,990	681,487

Manly Council

Statement of Changes in Equity for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		502,565	178,922	681,487	-	681,487
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		502,565	178,922	681,487	-	681,487
c. Net Operating Result for the Year		(1,497)	-	(1,497)	-	(1,497)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		(1,497)	-	(1,497)	-	(1,497)
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		501,068	178,922	679,990	-	679,990

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		500,858	226,509	727,367	-	727,367
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		500,858	226,509	727,367	-	727,367
c. Net Operating Result for the Year		1,707	-	1,707	-	1,707
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(47,325)	(47,325)	-	(47,325)
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	(262)	(262)	-	(262)
Other Comprehensive Income		-	(47,587)	(47,587)	-	(47,587)
Total Comprehensive Income (c&d)		1,707	(47,587)	(45,880)	-	(45,880)
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		502,565	178,922	681,487	-	681,487

Manly Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
33,911	Rates & Annual Charges		33,670	32,754
13,208	User Charges & Fees		12,993	13,313
899	Investment & Interest Revenue Received		927	789
4,386	Grants & Contributions		5,835	8,290
-	Bonds, Deposits & Retention amounts received		-	337
5,847	Other		7,339	7,344
Payments:				
(29,120)	Employee Benefits & On-Costs		(28,694)	(28,613)
(14,462)	Materials & Contracts		(17,009)	(18,341)
(1,095)	Borrowing Costs		(458)	(583)
(100)	Bonds, Deposits & Retention amounts refunded		(70)	-
(5,085)	Other		(6,525)	(8,504)
8,389	Net Cash provided (or used in) Operating Activities	11b	8,008	6,786
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		302	1,397
1,573	Sale of Infrastructure, Property, Plant & Equipment		550	536
-	Distributions Received from Joint Ventures & Associates		92	89
Payments:				
-	Purchase of Investment Securities		(1,500)	-
(14,574)	Purchase of Infrastructure, Property, Plant & Equipment		(11,074)	(10,728)
-	Contributions Paid to Joint Ventures & Associates		-	-
(13,001)	Net Cash provided (or used in) Investing Activities		(11,630)	(8,706)
Cash Flows from Financing Activities				
Receipts:				
6,500	Proceeds from Borrowings & Advances		3,900	2,000
-	Proceeds from Finance Leases		48	-
Payments:				
(1,214)	Repayment of Borrowings & Advances		(1,098)	(920)
-	Repayment of Finance Lease Liabilities		(229)	(299)
5,286	Net Cash Flow provided (used in) Financing Activities		2,621	781
674	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,001)	(1,139)
11,940	plus: Cash & Cash Equivalents - beginning of year	11a	11,851	12,990
12,614	Cash & Cash Equivalents - end of the year	11a	10,850	11,851
Additional Information:				
	plus: Investments on hand - end of year	6b	3,493	2,151
Total Cash, Cash Equivalents & Investments			14,343	14,002

This Statement should be read in conjunction with the accompanying Notes.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

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Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASB's), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates..

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

Accordingly this requires management to exercise its judgement in the process of applying the Council'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 entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council 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 are set out below.

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/12) and (ii) all the related operating results (for the financial year ended the 30th June 2012).

The financial statements also include Council's share of the assets, liabilities, income and expenses

of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- Council's General Purpose Operations
- Manly Meals on Wheels

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Ventures

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased

property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the

balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**"

category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (Internal Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Community Land** (Valuation based on NSW Valuer General's valuation base date 1/07/2008 where available. Request for remaining valuations has been lodged. For lands with no Valuer General's valuation, external valuation has been used.)
- **Land Improvements** (Internal Valuation)
- **Other Structures** (Internal Valuation)
- **Other Assets** (Internal Valuation)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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 Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements	
Park Furniture & Equipment	> \$2,000

Building	
- construction/extensions	100% Capitalised
- renovations	> \$5,000
Other Structures	
	> \$5,000

Stormwater Assets	
Drainage Infrastructure	> \$10,000

Transport Assets	
Road construction & reconstruction	> \$10,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment	
- Office furniture	10 years
- Computer Equipment	4 to 5 years
- Vehicles, Light Plant & Other Plant	5 years
- Heavy Plant/Earthmoving equip.	6 years

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Other Equipment	
- Playground equipment	5 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings	50 to 100 years
Stormwater Drainage	
- Pollution Devices	30 years
- Drainage Pits	30 years
- Drainage Pipes & Culverts	100 years
- Concrete Channels	70 years
Transportation Assets	
- Sealed Roads : Surface	15 years
- Sealed Roads : Structure	100 years
- Footpaths	30 to 50 years
- Kerb, Channel & Gutter	70 years

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council's interest in Kimbriki Waste Services Access Rights is recognised as an Intangible Asset and will be amortised over the life of the asset

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(p) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation 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.

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

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(q) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(s) Borrowing costs

Borrowing costs are expensed, except to the extent that they are incurred during the construction of qualifying assets.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(t) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

(u) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in future contributions to recover that deficiency.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

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.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

(v) Self insurance

Council does not self insure.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(w) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(x) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

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

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(y) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

first applied in the financial statements for the annual reporting period ending 30 June 2014.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

None

Applicable to Local Government but not relevant to Council at this stage;

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(z) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(aa) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ab) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	-	-	3,399	2,621	2,681	(3,399)	(2,621)	(2,681)	99	97	-	-
Administration	3,685	4,840	5,965	10,451	13,703	12,516	(6,766)	(8,863)	(6,551)	-	-	20,931	71,046
Public Order & Safety	3,209	2,781	2,779	4,308	4,360	4,394	(1,099)	(1,579)	(1,615)	-	-	15,213	15,739
Health	132	113	148	792	841	812	(660)	(728)	(664)	4	5	845	826
Environment	10,791	9,517	10,071	14,399	13,059	12,660	(3,608)	(3,542)	(2,589)	380	1,565	-	-
Community Services & Education	4,250	4,054	3,996	5,331	5,064	4,864	(1,081)	(1,010)	(868)	1,550	1,645	16,680	12,616
Housing & Community Amenities	323	240	165	2,513	2,572	2,863	(2,190)	(2,332)	(2,698)	187	22	21,469	21,050
Recreation & Culture	2,295	1,871	2,186	8,577	9,037	8,836	(6,282)	(7,166)	(6,650)	351	352	337,170	278,820
Mining, Manufacturing & Construction	969	745	865	2,333	3,157	2,897	(1,364)	(2,412)	(2,032)	-	-	-	-
Transport & Communication	6,076	6,901	7,076	3,455	3,752	3,714	2,621	3,149	3,362	296	612	294,698	304,704
Economic Affairs	491	318	450	1,261	1,256	1,109	(770)	(938)	(659)	-	-	2,137	2,257
Total Functions & Activities	32,221	31,380	33,701	56,819	59,422	57,346	(24,598)	(28,042)	(23,645)	2,867	4,298	709,143	707,058
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	291	240	-	-	-	-	291	240	-	-	1,680	1,481
General Purpose Income ¹	26,181	26,254	25,344	-	-	-	26,181	26,254	25,344	1,571	1,235	-	-
Net Operating Result	58,402	57,925	59,285	56,819	59,422	57,346	1,583	(1,497)	1,939	4,438	5,533	710,823	708,539

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		19,458	18,896
Business		4,346	4,298
Total Ordinary Rates		23,804	23,194
Special Rates			
Business		1,143	1,145
Total Special Rates		1,143	1,145
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		8,637	8,166
Stormwater Management Services		358	357
Section 611 Charges		27	26
Total Annual Charges		9,022	8,549
TOTAL RATES & ANNUAL CHARGES		33,969	32,888

Council has used 2008 year valuations provided by the NSW Valuer General in calculating its rates.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		9	10
Total User Charges		9	10
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Inspections		59	75
Planning & Building Regulation		961	1,128
Total Fees & Charges - Statutory/Regulatory		1,020	1,203
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Admission & Service Fees		2,770	2,343
Filming		8	13
Footpath Rental		909	989
Licence - Advertising Signs		423	415
Parking Fees		4,725	4,472
Rental & Hire of Non-Investment Property		180	223
RMS (formerly RTA) Charges (State Roads not controlled by Council)		859	1,116
Sponsorships		22	111
Swimming Centres		935	975
Other		190	145
Total Fees & Charges - Other		11,021	10,802
TOTAL USER CHARGES & FEES		12,050	12,015

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		125	86
- Interest earned on Investments (interest & coupon payment income)		763	756
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		144	205
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,032</u>	<u>1,047</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		125	86
General Council Cash & Investments		835	871
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		28	46
Restricted Investments/Funds - Internal:			
Internally Restricted Assets			
		44	44
Total Interest & Investment Revenue Recognised		<u>1,032</u>	<u>1,047</u>
(d). Other Revenues			
Fines		2,698	2,759
Legal Fees Recovery - Rates & Charges (Extra Charges)		65	55
Legal Fees Recovery - Other		46	44
Commissions & Agency Fees		7	7
Diesel Rebate		36	40
Food & Wine / Jazz Festival Income		97	275
Insurance Claim Recoveries		40	327
Lease Rental		1,739	1,732
Recycling Income (non domestic)		7	7
Sales - General		147	61
Meals On Wheels		150	-
Other		217	162
<u>TOTAL OTHER REVENUE</u>		<u>5,249</u>	<u>5,469</u>

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	1,441	1,106	-	-
Pensioners' Rates Subsidies - General Component	130	129	-	-
Total General Purpose	1,571	1,235	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	63	62	-	-
Community Care	1,605	1,219	-	-
Community Infrastructure	-	-	-	420
Employment & Training Programs	30	-	-	-
Environmental Programs	363	1,450	-	-
Heritage & Cultural	60	368	-	-
Library - per capita	78	-	-	-
Library - special projects	31	-	-	-
Recreation & Culture	59	59	194	149
Street Lighting	100	97	-	-
Transport (Roads to Recovery)	148	-	-	-
Transport (Other Roads & Bridges Funding)	59	188	-	211
Other	77	-	-	75
Total Specific Purpose	2,673	3,443	194	855
Total Grants	4,244	4,678	194	855
Grant Revenue is attributable to:				
- Commonwealth Funding	1,589	1,106	-	-
- State Funding	2,555	3,475	-	-
- Other Funding	100	97	194	855
	4,244	4,678	194	855

Manly Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	608	1,555
Total Developer Contributions	17	-	608	1,555
Other Contributions:				
Community Services	14	9	-	-
Environmental Programs	(18)	188	-	-
Heritage/Cultural	3	-	-	-
Recreation & Culture	26	156	-	-
RMS Contributions (Regional Roads, Block Grant)	160	185	-	-
Total Other Contributions	185	538	-	-
Total Contributions	185	538	608	1,555
TOTAL GRANTS & CONTRIBUTIONS	4,429	5,216	802	2,410

\$ '000	Actual 2012	Actual 2011
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(g). Restrictions relating to Grants and Contributions**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	5,210	6,653
add: Grants & contributions recognised in the current period but not yet spent:	1,006	386
less: Grants & contributions recognised in a previous reporting period now spent:	(358)	(1,829)
Net Increase (Decrease) in Restricted Assets during the Period	648	(1,443)
Unexpended and held as Restricted Assets	5,858	5,210
Comprising:		
- Specific Purpose Unexpended Grants	980	546
- Developer Contributions	4,878	4,664
	5,858	5,210

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		22,278	22,262
Travelling		2	3
Employee Leave Entitlements (ELE)		3,801	3,006
Superannuation - Defined Contribution Plans		2,566	2,575
Workers' Compensation Insurance		1,119	1,072
Fringe Benefit Tax (FBT)		134	103
Training Costs (other than Salaries & Wages)		188	187
Other		14	19
Total Employee Costs		30,102	29,227
less: Capitalised Costs		(603)	(1,567)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>29,499</u>	<u>27,660</u>
Number of "Equivalent Full Time" Employees at year end		408	413
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		633	499
Charges relating to Finance Leases		30	101
Total Interest Bearing Liability Costs		663	600
less: Capitalised Costs		(181)	-
Total Interest Bearing Liability Costs Expensed		482	600
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>482</u>	<u>600</u>

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		12,376	12,826
Contractor & Consultancy Costs		1,893	1,840
Auditors Remuneration ⁽¹⁾		123	67
Legal Expenses:			
- Legal Expenses: Planning & Development		1,005	640
- Legal Expenses: Other		180	268
Total Materials & Contracts		15,577	15,641
TOTAL MATERIALS & CONTRACTS		15,577	15,641

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	51	34
- Other audit & assurance services - Internal Auditor	72	33
Remuneration for audit and other assurance services	123	67

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
Plant and Equipment		-	-	1,596	1,370
Office Equipment		-	-	865	703
Furniture & Fittings		-	-	409	404
Property, Plant & Equipment - Leased		-	-	118	133
Land Improvements (depreciable)		-	-	1,272	1,282
Buildings - Non Specialised		-	-	524	695
Buildings - Specialised		-	-	653	478
Other Structures		-	-	232	236
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,013	1,994
- Stormwater Drainage		-	-	549	543
Other Assets					
- Library Books		-	-	187	187
Intangible Assets	25	-	-	44	44
Total Depreciation & Impairment Costs		-	-	8,462	8,069
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	8,462	8,069

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		2	29
Bank Charges		191	171
Contributions/Levies to Other Levels of Government		1,087	1,103
Councillor Expenses - Mayoral Fee		36	35
Councillor Expenses - Councillors' Fees		200	191
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		56	69
Donations, Contributions & Assistance to other organisations (Section 356)		297	217
- Donations, Contributions & Assistance (MOW reimbursement to GF)		(98)	-
Electricity & Heating		640	609
Insurance		1,089	1,156
Postage		84	95
Street Lighting		820	761
Subscriptions & Publications		316	320
Telephone & Communications		239	239
Valuation Fees		65	64
Other - Water Rates & Charges		187	213
Meals on Wheels		86	-
Other		64	51
Total Other Expenses		5,361	5,323
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>5,361</u>	<u>5,323</u>

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		105	33
less: Carrying Amount of Property Assets Sold / Written Off		(175)	(46)
Net Gain/(Loss) on Disposal		(70)	(13)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		445	503
less: Carrying Amount of P&E Assets Sold / Written Off		(289)	(453)
Net Gain/(Loss) on Disposal		156	50
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(127)	(90)
Net Gain/(Loss) on Disposal		(127)	(90)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		302	1,397
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(302)	(1,397)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(41)	(53)

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,036	-	2,603	-
Cash-Equivalent Assets ¹					
- Deposits at Call		4,494	-	8,248	-
- Short Term Deposits		5,320	-	500	-
- NCD's, FRN's		-	-	500	-
Total Cash & Cash Equivalents		10,850	-	11,851	-
Investment Securities (Note 6b)					
- Long Term Deposits		1,500	-	-	-
- NCD's, FRN's (with Maturities > 3 months)		923	-	819	-
- CDO's		1,070	-	1,332	-
Total Investment Securities		3,493	-	2,151	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		14,343	-	14,002	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		10,850	-	11,851	-
----------------------------------------------	--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	1,993	-	2,151	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	1,500	-	-	-
Investments		3,493	-	2,151	-

Manly Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 6b. Investments (continued)

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	2,151	-	3,343	-
Revaluations (through the Income Statement)	144	-	205	-
Disposals (sales & redemptions)	(302)	-	(1,397)	-
Balance at End of Year	1,993	-	2,151	-
Comprising:				
- NCD's, FRN's (with Maturities > 3 months)	923	-	819	-
- CDO's	1,070	-	1,332	-
Total	1,993	-	2,151	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	-	-	-	-
Additions	1,500	-	-	-
Balance at End of Year	1,500	-	-	-
Comprising:				
- Long Term Deposits	1,500	-	-	-
Total	1,500	-	-	-

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2012	2012	2011	2011
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	14,343	-	14,002	-
attributable to:				
External Restrictions (refer below)	6,578	-	5,930	-
Internal Restrictions (refer below)	6,360	-	6,438	-
Unrestricted	1,405	-	1,634	-
	14,343	-	14,002	-

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Other

Developer Contributions - General (D)	4,664	636	(422)	4,878
Specific Purpose Unexpended Grants (F)	546	434	-	980
Other	720	-	-	720
External Restrictions - Other	5,930	1,070	(422)	6,578
Total External Restrictions	5,930	1,070	(422)	6,578

Internal Restrictions

Infrastructure Replacement	1,903	475	(475)	1,903
Employees Leave Entitlement	1,210	118	-	1,328
Deposits, Retentions & Bonds	1,588	1,300	(1,300)	1,588
Balgowah Area Improvements	205	75	-	280
Depot Redevelopment	158	-	(6)	152
Environment Levy	-	961	(839)	122
Manly Wharf Forecourt	50	-	-	50
Manly Youth Council	6	-	-	6
Meals on Wheels	306	43	-	349
Shelly Beach Improvements	9	-	-	9
Unexpended Loans	1,003	1,000	(1,430)	573
Total Internal Restrictions	6,438	3,972	(4,050)	6,360
TOTAL RESTRICTIONS	12,368	5,042	(4,472)	12,938

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,034	310	734	310
Interest & Extra Charges		65	15	151	13
User Charges & Fees		940	-	1,219	-
Accrued Revenues					
- Interest on Investments		93	-	48	-
- Other Income Accruals		301	-	549	-
Government Grants & Subsidies		210	-	475	-
Net GST Receivable		749	-	486	-
Other Debtors		7	-	7	-
Total		3,399	325	3,669	323
less: Provision for Impairment					
Rates & Annual Charges		(12)	(5)	(11)	(5)
User Charges & Fees		(56)	-	(149)	-
Total Provision for Impairment - Receivables		(68)	(5)	(160)	(5)
<u>TOTAL NET RECEIVABLES</u>		<u>3,331</u>	<u>320</u>	<u>3,509</u>	<u>318</u>
Externally Restricted Receivables					
Domestic Waste Management		225	-	219	-
Total External Restrictions		225	-	219	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		3,106	320	3,290	318
TOTAL NET RECEIVABLES		3,331	320	3,509	318

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Manly Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		29	-	29	-
Total Inventories		29	-	29	-
Other Assets					
Prepayments		147	-	166	-
Work In Progress		-	1,834	-	2,906
Total Other Assets		147	1,834	166	2,906
TOTAL INVENTORIES / OTHER ASSETS		176	1,834	195	2,906
Total Unrestricted Assets		176	1,834	195	2,906
TOTAL INVENTORIES & OTHER ASSETS		176	1,834	195	2,906

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period				as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment								Dep'n	Impairment	
Plant & Equipment	-	10,069	6,060	-	4,009	1,992	(273)	(1,596)	(14)	-	10,706	6,588	-	4,118
Office Equipment	-	8,123	5,795	-	2,328	1,233	-	(865)	-	-	9,275	6,579	-	2,696
Furniture & Fittings	-	5,758	2,818	-	2,940	56	-	(409)	(37)	-	5,777	3,227	-	2,550
Plant & Equipment (under Finance Lease)	-	2,416	1,522	-	894	-	(17)	(118)	-	-	2,358	1,599	-	759
Land:														
- Operational Land	-	80,874	-	-	80,874	3,460	(63)	-	-	-	84,271	-	-	84,271
- Community Land	-	237,367	-	-	237,367	-	-	-	-	-	237,367	-	-	237,367
Land Improvements - non depreciable	-	13,615	-	-	13,615	-	-	-	-	-	13,615	-	-	13,615
Land Improvements - depreciable	-	41,530	16,407	-	25,123	2,120	-	(1,272)	-	-	43,650	17,679	-	25,971
Buildings - Non Specialised	-	37,363	7,773	-	29,590	1,000	(111)	(524)	-	-	38,238	8,283	-	29,955
Buildings - Specialised	-	61,524	17,141	-	44,383	437	-	(653)	-	-	61,961	17,794	-	44,167
Other Structures	-	39,125	8,713	-	30,412	500	-	(232)	51	-	39,674	8,943	-	30,731
Infrastructure:														
- Roads, Bridges, Footpaths	-	236,860	54,689	-	182,171	852	(127)	(2,013)	-	-	237,457	56,574	-	180,883
- Stormwater Drainage	-	44,062	18,354	-	25,708	172	-	(549)	-	-	44,234	18,903	-	25,331
Other Assets:														
- Heritage Collections	-	4,418	-	-	4,418	3	-	-	-	-	4,421	-	-	4,421
- Library Books	-	4,507	3,216	-	1,291	239	-	(187)	-	-	4,747	3,404	-	1,343
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	827,611	142,488	-	685,123	12,064	(591)	(8,418)	-	-	837,751	149,573	-	688,178

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$3.642million) and New Assets (\$1.439million). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,955	-	1,789	-
Goods & Services - capital expenditure		593	-	1,835	-
Payments Received In Advance		346	-	324	-
Accrued Expenses:					
- Borrowings		134	-	110	-
- Other Expenditure Accruals	N 23	70	2,231	805	-
Security Bonds, Deposits & Retentions		6,406	-	6,476	-
Other		164	-	205	-
Total Payables		9,668	2,231	11,544	-
Borrowings					
Loans - Secured ¹		1,044	11,005	1,030	8,217
Finance Lease Liabilities		147	95	226	197
Total Borrowings		1,191	11,100	1,256	8,414
Provisions					
Employee Benefits;					
Annual Leave		1,991	-	1,914	-
Sick Leave		161	-	184	-
Long Service Leave		3,755	191	3,066	191
ELE On-Costs		533	12	471	12
Sub Total - Aggregate Employee Benefits		6,440	203	5,635	203
Total Provisions		6,440	203	5,635	203
Total Payables, Borrowings & Provisions		17,299	13,534	18,435	8,617

¹. Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2012	2011
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	4,170	4,000
Payables - Security Bonds, Deposits & Retentions	5,800	5,176
	9,970	9,176

Note 10b. Description of and movements in Provisions

Class of Provision	2011		2012			Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,914	1,577	(1,700)	200	-	1,991
Sick Leave	184	-	(23)	-	-	161
Long Service Leave	3,257	678	(589)	600	-	3,946
ELE On-Costs	483	62	-	-	-	545
TOTAL	5,838	2,317	(2,312)	800	-	6,643

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	10,850	11,851
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		10,850	11,851
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(1,497)	1,707
Adjust for non cash items:			
Depreciation & Amortisation		8,462	8,069
Net Losses/(Gains) on Disposal of Assets		41	53
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(144)	(205)
Share of Net (Profits) or Losses of Associates/Joint Ventures		(291)	(240)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		268	(637)
Increase/(Decrease) in Provision for Doubtful Debts		(92)	29
Decrease/(Increase) in Inventories		-	11
Decrease/(Increase) in Other Assets		1,091	(2,406)
Increase/(Decrease) in Payables		166	(350)
Increase/(Decrease) in accrued Interest Payable		24	15
Increase/(Decrease) in other accrued Expenses Payable		(736)	659
Increase/(Decrease) in Other Liabilities		(89)	273
Increase/(Decrease) in Employee Leave Entitlements		805	(192)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,008	6,786

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		400	400
Credit Cards / Purchase Cards		20	20
Total Financing Arrangements		420	420
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		3	3
Total Financing Arrangements Utilised		3	3

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Plant & Equipment		738	-
Other Structures		296	-
Total Commitments		1,034	-
These expenditures are payable as follows:			
Within the next year		1,034	-
Total Payable		1,034	-
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		283	-
Sect 64 & 94 Funds/Reserves		26	-
Externally Restricted Reserves		551	-
Internally Restricted Reserves		87	-
Unexpended Loans		87	-
Total Sources of Funding		1,034	-

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2012	Actual 2011		
(b) Finance Lease Commitments					
(i) Commitments under Finance Leases at the Reporting Date are payable as follows:					
Within the next year		170	283		
Later than one year and not later than 5 years		110	225		
Total Minimum Lease Payments		280	508		
less: Future Finance Charges		(35)	(85)		
Amount Recognised as a Liability		245	423		
(ii) Finance Lease Liability Recognised represent;					
Current Liabilities		147	226		
Non-Current Liabilities		95	197		
Total Finance Lease Liabilities Disclosed		242	423		
(iii) General Details					
Council Leases the following Property, Plant & Equipment under Finance Leases:					
	Term (Years)	Option to Purchase	Contingent Rent Clauses		
Other Equipment/Assets	5	Y	Y	242	423
Total Carrying Value at Year End				242	423

(c) Operating Lease Commitments (Non Cancellable)

Nil

Conditions relating to Finance Leases:

- All Finance Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>11,047</u>	1.51 : 1	1.25	1.30
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>7,329</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>1,990</u>	3.67%	3.44%	3.67%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>54,162</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>33,969</u>	58.75%	55.47%	53.76%
Income from Continuing Operations	<u>57,822</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>1,407</u>	3.98%	3.50%	3.16%
Rates, Annual & Extra Charges Collectible	<u>35,351</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>3,642</u>	69.46%	155.60%	239.00%
Depreciation, Amortisation & Impairment	<u>5,243</u>			

Notes

(1) Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

(2) Refer to Note 10(a).

(3) Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Asset Renewals include building and infrastructure assets only.

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 13a(ii). Statement of Performance Measurement - Graphs (Consolidated)

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>1.65</td> </tr> <tr> <td>2010</td> <td>1.30</td> </tr> <tr> <td>2011</td> <td>1.25</td> </tr> <tr> <td>2012</td> <td>1.51</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	1.65	2010	1.30	2011	1.25	2012	1.51	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 1.51 : 1</p> <p>A good result with 2012 ratio above Council's benchmark as well as the DLG's benchmark mainly due to a decrease in outstanding creditors.</p>
Year	Ratio : 1											
2009	1.65											
2010	1.30											
2011	1.25											
2012	1.51											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>3.54%</td> </tr> <tr> <td>2010</td> <td>3.67%</td> </tr> <tr> <td>2011</td> <td>3.44%</td> </tr> <tr> <td>2012</td> <td>3.67%</td> </tr> </tbody> </table>	Year	Ratio %	2009	3.54%	2010	3.67%	2011	3.44%	2012	3.67%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 3.67%</p> <p>A very small increase of 0.23% still leaving the overall ratio well below the DLG's benchmark of 10%. The slight increase was due to new loans taken up exceeding the two retired loans.</p>
Year	Ratio %											
2009	3.54%											
2010	3.67%											
2011	3.44%											
2012	3.67%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>52.58%</td> </tr> <tr> <td>2010</td> <td>53.76%</td> </tr> <tr> <td>2011</td> <td>55.47%</td> </tr> <tr> <td>2012</td> <td>58.75%</td> </tr> </tbody> </table>	Year	Ratio %	2009	52.58%	2010	53.76%	2011	55.47%	2012	58.75%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 58.75%</p> <p>This year's increase is as a result of the decline in Income from Continuing Operations of \$2.6 million as 2011 had received Capital Grants for one-off projects not repeated in 2012.</p>
Year	Ratio %											
2009	52.58%											
2010	53.76%											
2011	55.47%											
2012	58.75%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>3.97%</td> </tr> <tr> <td>2010</td> <td>3.16%</td> </tr> <tr> <td>2011</td> <td>3.50%</td> </tr> <tr> <td>2012</td> <td>3.98%</td> </tr> </tbody> </table>	Year	Ratio %	2009	3.97%	2010	3.16%	2011	3.50%	2012	3.98%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 3.98%</p> <p>The outstanding Rates and Charges rose in 2012 again due to continued difficult economic conditions.</p>
Year	Ratio %											
2009	3.97%											
2010	3.16%											
2011	3.50%											
2012	3.98%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>244.00%</td> </tr> <tr> <td>2010</td> <td>239.00%</td> </tr> <tr> <td>2011</td> <td>155.60%</td> </tr> <tr> <td>2012</td> <td>69.46%</td> </tr> </tbody> </table>	Year	Ratio %	2009	244.00%	2010	239.00%	2011	155.60%	2012	69.46%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 69.46%</p> <p>Asset renewals in 2012 were delayed so as to accommodate the acquisition of the Seaforth Tafe site which cost \$4.46 million. This was classified as a new acquisition. In total Council spent over \$12 million on assets.</p>
Year	Ratio %											
2009	244.00%											
2010	239.00%											
2011	155.60%											
2012	69.46%											

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

Note 15. Financial Risk Management

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	10,850	11,851	12,221	11,851
Investments				
- "Held for Trading"	1,993	2,151	1,993	2,151
- "Held to Maturity"	1,500	-	-	-
Receivables	3,651	3,827	3,815	4,018
Total Financial Assets	17,994	17,829	18,029	18,020
Financial Liabilities				
Payables	11,553	11,220	11,553	11,220
Loans / Advances	12,049	9,247	12,046	9,247
Lease Liabilities	242	423	245	423
Total Financial Liabilities	23,844	20,890	23,844	20,890

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated in accordance with Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	923	-	1,070	1,993
Total Financial Assets	923	-	1,070	1,993

2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	819	-	1,332	2,151
Total Financial Assets	819	-	1,332	2,151

The following table presents the movement in Level 3 financial instruments

	Liabilities 2012	Liabilities 2011	Assets 2012	Assets 2011
Opening Balance (of Level 3 fair values)	-	-	1,332	1,156
Gains/(Losses) recognised in the Income Statement		-	-	176
Other		-	(262)	-
Closing Balance	-	-	1,070	1,332

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 10% movement in Market Values	200	200	(200)	(200)
Possible impact of a 1% movement in Interest Rates	140	140	(140)	(140)
2011				
Possible impact of a 10% movement in Market Values	405	405	(405)	(405)
Possible impact of a 1% movement in Interest Rates	70	70	(70)	(70)

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

Council's major receivables comprise **(i) Rates & Annual charges** and **(ii) User Charges & Fees**.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	14	552	12	640
Past due by up to 30 days	456	432	387	501
Past due between 31 and 180 days	328	1,417	278	1,643
Past due between 181 and 365 days	627	-	532	-
	<u>1,424</u>	<u>2,401</u>	<u>1,208</u>	<u>2,784</u>
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			165	142
+ new provisions recognised during the year			6	29
- amounts already provided for & written off this year			(98)	(6)
Balance at the end of the year			<u>73</u>	<u>165</u>

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(d) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity				Total Cash Outflows	Actual Carrying Values
	≤ 1 Year	2-5 Yrs	> 5 Yrs			
2012						
Trade/Other Payables	6,406	2,916	-	2,231	11,553	11,553
Loans & Advances	-	1,126	4,045	6,826	11,997	12,049
Lease Liabilities	-	147	98	-	245	242
Total Financial Liabilities	6,406	4,189	4,143	9,057	23,795	23,844
2011						
Trade/Other Payables	6,476	-	4,731	-	11,207	11,220
Loans & Advances	-	991	3,196	5,060	9,247	9,247
Lease Liabilities	-	423	-	-	423	423
Total Financial Liabilities	6,476	1,414	7,927	5,060	20,877	20,890

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	11,553	2.0%	11,220	2.0%
Loans & Advances - Fixed Interest Rate	3,201	7.3%	3,937	6.5%
Loans & Advances - Variable Interest Rate	8,848	5.6%	5,310	5.9%
Lease Liabilities	242	12.0%	423	15.0%
	<u>23,844</u>		<u>20,890</u>	

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 04 May 2011.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	34,007	33,969	(38)	(0%)	U
User Charges & Fees	13,246	12,050	(1,196)	(9%)	U
Interest & Investment Revenue	899	1,032	133	15%	F
Variation is as a result of revaluation of Investments previously written down (+\$143K).					
Other Revenues	5,863	5,249	(614)	(10%)	U
Variation mainly due to decrease in fines revenues recovered (-\$300K), decrease in Food & Wine Festival income of (-\$200K) due to poor weather conditions during the event, a decrease in major sponsorship income (-\$100K) and also a decrease in lease rental income (-\$100K) due to a lower CPI increase than allowed for in the budget.					
Operating Grants & Contributions	3,547	4,429	882	25%	F
Favourable variation is due mainly to two components the 50% prepayment to Council of the Financial Assistance Grant for 2012/13 (+\$586K) and an increase in Community grants in the child care services (+\$350K).					
Capital Grants & Contributions	840	802	(38)	(5%)	U
Share of Net Profits - Joint Ventures & Associates	-	291	291	0%	F

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	29,217	29,499	(282)	(1%)	U
Borrowing Costs	1,096	482	614	56%	F
Variation is as a result of RBA Monetary Policy to decrease the target cash rates four times during the financial year in November 2011, December 2011, May 2012 and June 2012 leading to lower interest costs on new and variable loans (+\$250K), the deferred take up of part of a loan for 12 months lead to savings of (+\$200K) and the capitalisation of interest costs incurred during construction of major projects (+\$181K).					
Materials & Contracts	14,510	15,577	(1,067)	(7%)	U
The main contributing factors to the variance was an increase in Legal Services costs and legal fees (+\$700K), an increase in utilities costs (+\$200K), an increase in consultant and contractor costs including agency staff (+\$350K) an increase in insurance costs (+\$105K) and due to an expansion in child care service facilities an increase (+\$100K).					
Depreciation & Amortisation	6,799	8,462	(1,663)	(24%)	U
Several classes of infrastructure assets in accordance with the Code of Accounting Practice were revalued and brought to account at fair value. The assets were roads, bridges, footpaths, drainaged, and other structures. The result was a significant increase in depreciation expense for those assets.					
Other Expenses	5,197	5,361	(164)	(3%)	U
Net Losses from Disposal of Assets	-	41	(41)	0%	U
Operating Result from Discontinued Operations	-	103	(103)	0%	U

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	8,389	8,008	(381)	(4.5%)	U
Variation due to the agreed deferred part payment on a major asset acquisition for twelve months.					
Cash Flows from Investing Activities	(13,001)	(11,630)	1,371	(10.5%)	F
The variation is due to a decrease in cash outflow stemming from a property acquisition agreement to defer part payment on settlement for a period of twelve months.					
Cash Flows from Financing Activities	5,286	2,621	(2,665)	(50.4%)	U
Variance due to deferral of loan to be taken up in twelve months when the final settlement on a property acquisition takes place.					

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	187	26	-	1	-	-	214	-	-	214	-
Parking	107	104	-	1	-	-	212	-	-	212	-
Open Space	1,478	272	-	9	(236)	-	1,523	-	-	1,523	-
Community Facilities	33	44	-	-	(186)	-	(109)	-	-	(109)	-
Streetscape/Transport	1,179	63	-	7	-	-	1,249	-	-	1,249	-
Environmental Programs (incl. drainage)	1,782	99	-	9	-	-	1,890	-	-	1,890	-
Library & Recreation	(350)	-	-	-	-	-	(350)	-	-	(350)	-
S94 Contributions - under a Plan	4,416	608	-	27	(422)	-	4,629	-	-	4,629	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	4,416	608	-	27	(422)	-	4,629				-
S94 not under Plans	248	-	-	1	-	-	249	-	-	249	-
Total Contributions	4,664	608	-	28	(422)	-	4,878	-	-	4,878	-

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Residential (2005 Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	176	26	-	1	-	-	203	-	-	203	-
Parking	4	104	-	-	-	-	108	-	-	108	-
Open Space	902	272	-	6	(236)	-	944	-	-	944	-
Community Facilities	(5)	47	-	-	(186)	-	(144)	-	-	(144)	-
Streetscape/Transport	510	118	-	3	-	-	631	-	-	631	-
Environmental Programs (incl. drainage)	872	176	-	5	-	-	1,053	-	-	1,053	-
Total	2,459	743	-	15	(422)	-	2,795	-	-	2,795	-

CONTRIBUTION PLAN - Manly Precinct Retail/Commercial (2005 Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	6	-	-	-	-	-	6	-	-	6	-
Community Facilities	7	-	-	-	-	-	7	-	-	7	-
Streetscape/Transport	38	-	-	-	-	-	38	-	-	38	-
Environmental Programs (incl. drainage)	36	-	-	-	-	-	36	-	-	36	-
Total	87	-	-	-	-	-	87	-	-	87	-

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Other Precincts (2005 Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	5	-	-	-	-	-	5	-	-	5	-
Community Facilities	31	(3)	-	-	-	-	28	-	-	28	-
Streetscape/Transport	631	(55)	-	4	-	-	580	-	-	580	-
Environmental Programs (incl. drainage)	874	(77)	-	4	-	-	801	-	-	801	-
Total	1,541	(135)	-	8	-	-	1,414	-	-	1,414	-

CONTRIBUTION PLAN - Manly Precinct (1999 Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	223	-	-	1	-	-	224	-	-	224	-
Library & Recreation	17	-	-	-	-	-	17	-	-	17	-
Total	240	-	-	1	-	-	241	-	-	241	-

CONTRIBUTION PLAN - Other Precinct (1999 Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	353	-	-	2	-	-	355	-	-	355	-
Library & Recreation	(367)	-	-	-	-	-	(367)	-	-	(367)	-
Total	(14)	-	-	2	-	-	(12)	-	-	(12)	-

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Parking (1999 Plan)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	103	-	-	1	-	-	104	-	-	104	-
Total	103	-	-	1	-	-	104	-	-	104	-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Affordable Housing	248	-	-	1	-	-	249	-	-	249	-
Total	248	-	-	1	-	-	249	-	-	249	-

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

Local Government Superannuation Scheme - Pool B

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 1 July 2009 & beyond.

The scheme is a defined benefit benefit plan that has been deemed a "multi-employer fund for purposes of AASB119. Sufficient information under AASB119 is not available to account for the scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions recognised as an expense for the year ending 30 June 2012 was \$496,702. The Scheme is monitored annually and the Actuary has estimated that as at 30 June 2012 the employers share of this deficit was \$1.616M.

State Authorities Superannuation Scheme

Council also has an employee contributing in the above scheme.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

2. Other Liabilities

(i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) HIH Insurance

During the period 1995 - 1997 portion of Council's public risk insurance cover was insured or re-insured with a member of the HIH Insurance group of companies.

Council has been recognised as a creditor of HIH and is entitled to receive distributions from the liquidator subject to the Scheme of Arrangement. Due to the uncertainty as to the final distribution amount(s), these claims will be recognised in the income statement as they are received.

(iv) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

(v) Acquisition of 40 Stuart Street Manly

Council has resolved to acquire 40 Stuart Street Manly for \$4.225M.

As the contract of sale is dated after the 30 June the asset and related liability will be recognised at fair value following completion of the property settlement in a future reporting period.

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Subsidiaries

Note 19(a)

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

Associated Entities & Joint Venture Entities

Note 19(b) (i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Joint Venture Operations

Note 19(c)

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.

(ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Associated Entities	-	-	-	-
Joint Venture Entities	291	240	1,680	1,481
Total	291	240	1,680	1,481

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

(ii) JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of Entity	Principal Activity	2012	2011
Shorelink Library Network	Sharing of Library Infrastructure	51	37
Kimbriki Environmental Enterprises P/L	Recycling & Waste Disposal	1,629	1,444
Total Carrying Amounts - Joint Venture Entities		1,680	1,481

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2012	2011	2012	2011	2012	2011
Shorelink Library Network	14%	14%	17%	17%	20%	20%
Kimbriki Environmental Enterprises P/L	11%	11%	11%	11%	11%	11%

(c) Movement in Carrying Amounts

	Shorelink Library Network		Kimbriki Environmental Enterprises P/L	
	2012	2011	2012	2011
Opening Balance	37	30	1,444	1,298
Share in Operating Result	11	5	280	235
Distributions Received	-	-	(94)	(89)
Adjustments to Equity	3	2	(1)	-
Council's Equity Share in the Joint Venture Entity	51	37	1,629	1,444

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2012					
Shorelink Library Network	53	8	10	-	51
Kimbriki Environmental Enterprises P/L	1,541	424	272	64	1,629
Totals	1,594	432	282	64	1,680
2011					
Shorelink Library Network	40	5	8	-	37
Kimbriki Environmental Enterprises P/L	1,383	325	222	42	1,444
Totals	1,423	330	230	42	1,481

(e) Share of Joint Ventures Revenues, Expenses & Results

	2012			2011		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Shorelink Library Network	86	75	11	81	76	5
Kimbriki Environmental Enterprises P/L	2,405	2,125	280	2,074	1,839	235
Totals	2,491	2,200	291	2,155	1,915	240

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

All Subsidiaries, Associated Entities & Joint Ventures have been recognised in this Financial Report as required.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		502,565	500,858
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		(1,497)	1,707
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		501,068	502,565

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	178,922	178,922
Total	178,922	178,922

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	178,922	226,509
- Revaluations for the year	-	(47,325)
- Other movements: Assets reclassified at their revalued amounts	-	(262)
- Balance at End of Year	178,922	178,922

TOTAL VALUE OF RESERVES

178,922	178,922
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(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a General Fund for its operations.

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 04/10/12.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

Council is aware of the following "non adjusting events" that merit disclosure;

Council has received an unconditional undertaking from the CBA to provide the long term loan funding for the payment of the balance of the property purchase (former Seaforth TAFE) disclosed under Note 10 as a non current liability of \$2.231 million. Council has provided for this loan in its current Operation Plan.

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 24. Discontinued Operations

\$ '000	Actual 2012	Actual 2011
(i) Discontinued Operations		
On 4 November 2011, Council finalised the sale of its Commercial Waste Services to JJ Richards & Sons Pty Ltd. Financial information relating to the discontinued operation for the period to the date of transfer is set out below.		
(ii) Financial Performance of Discontinued Operations		
Financial Performance		
Revenues	376	1,141
Expenses	(735)	(1,373)
Gross Profit/(Loss) of Discontinued Operations	(359)	(232)
Gain/(Losses) On Reclassification &/or Sale		
Consideration Received for Discontinued Operations	462	-
Gain/(Loss) on Reclassification/Sale	462	-
<u>NET PROFIT/(LOSS) from DISCONTINUED OPERATIONS</u>	<u>103</u>	<u>(232)</u>
(iii) Net Carrying Value of Discontinued Operations		
Commercial Waste Services		
Carrying Value - Assets	48	103
Carrying Value - Liabilities	(32)	(97)
Net Carrying Value	16	6
Total Value of Discontinued Operations (On Hand)	16	6

Manly Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

	Actual 2012 Carrying Amount	Actual 2011 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7/11)	1,093	1,093
Accumulated Amortisation (1/7/11)	(88)	(44)
Accumulated Impairment (1/7/11)	-	-
Net Book Value - Opening Balance	1,005	1,049
- Amortisation charges	(44)	(44)
- Impairment charges	-	-
Closing Values:		
Gross Book Value (30/6/12)	1,093	1,093
Accumulated Amortisation (30/6/12)	(132)	(88)
Accumulated Impairment (30/6/12)	-	-
TOTAL INTANGIBLE ASSETS - NET BOOK VALUE ¹	961	1,005

¹ The Net Book Value of Intangible Assets represent:

- Software	961	-
- Kimbriki Access Rights	-	1,005
	961	1,005

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Manly Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 27. Council Information & Contact Details

Principal Place of Business:

1 Belgrave Street
Manly NSW 2095

Contact Details

Mailing Address:

PO Box 82
Manly NSW 2095

Opening Hours:

Monday to Friday
8:30am to 5:00pm

Telephone: 02 9976 1500

Facsimile: 02 9976 1400

Internet: www.manly.nsw.gov.au

Email: records@manly.nsw.gov.au

Officers

GENERAL MANAGER

Mr Henry Wong

RESPONSIBLE ACCOUNTING OFFICER

Mrs Jenny Nascimento

PUBLIC OFFICER

Ms Joanna Bramma

AUDITORS

Hill Rogers Spencer Steer

Elected Members

MAYOR

Jean Hay

COUNCILLORS

Clr Adele Heasman

Clr Barbara Aird

Clr Hugh Burns

Clr Lauren Elder

Clr Cathy Griffin

Clr Alan Le Surf

Clr Dr Peter A Macdonald MB MS MRCGP DA DRCOG

Clr Richard Morrison

Clr David Murphy

Clr Mark Norek

Clr Craig Whitting

Clr Candy Bingham (elected 8/9/2012)

Clr James Griffin (elected 8/9/2012)

Clr Steve Pickering (elected 8/9/2012)

Other Information

ABN: 43 662 868 065

MANLY COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of **Manly Council**, which comprises the Balance Sheet as at 30 June 2012, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

Assurance Partners

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Sydney NSW 2001

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Steer Assurance Partners

ABN 56 435 338 966

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to following matter. Note 23 to the financial statements describes the availability of long term funding to satisfy the purchase of the former Seaforth TAFE from the state government.

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 4th day of October 2012

Hill Rogers
Spencer Steer

4 October 2012

The Mayor
Manly Council
PO Box 82
MANLY NSW 2095

Mayor,

Audit Report - Year Ended 30 June 2012

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2012 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a deficit of \$1.497 million as compared with a surplus of \$1.707 million in the previous year.

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The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2012 \$'000	% of Total	2011 \$'000	% of Total	Increase (Decrease) \$'000
Revenues before capital items					
Rates & annual charges	33,969	60%	32,888	58%	1,081
User charges, fees & other revenues	17,590	31%	17,724	31%	(134)
Grants & contributions provided for operating purposes	4,429	8%	5,216	9%	(787)
Interest & investment revenue	1,032	2%	1,047	2%	(15)
	57,020	100%	56,875	100%	145
Expenses					
Employee benefits & costs	29,499	50%	27,660	48%	1,839
Materials, contracts & other expenses	20,979	35%	21,017	37%	(38)
Depreciation, amortisation & impairment	8,462	14%	8,069	14%	393
Borrowing costs	482	1%	600	1%	(118)
	59,422	100%	57,346	100%	2,076
Operating result from discontinued operations	103		(232)		335
Surplus/(Deficit) before capital items	(2,299)		(703)		(1,596)
Grants & contributions provided for capital purposes	802		2,410		(1,608)
Net Surplus/(Deficit) for the year	(1,497)		1,707		(3,204)

The table above shows an overall decrease compared with the previous year of \$3.204 million and can be attributed to reduced capital grants and contributions and reduced capitalisation of employee costs.

1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

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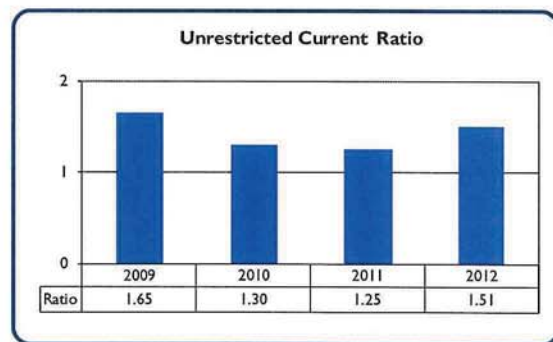
	2012 \$'000	2011 \$'000
Funds were provided by:-		
Operating Result (as above)	(1,497)	1,707
Add back non funding items:-		
- Depreciation, amortisation & impairment	8,462	8,069
- Book value of non current assets sold	591	589
- (Surplus)/Deficit in joint ventures	(291)	(240)
	<u>7,265</u>	<u>10,125</u>
New loan borrowings	3,900	2,000
Finance Leases	48	0
Transfers from externally restricted assets (net)	0	1,618
Transfers from internal reserves (net)	78	475
Distributions from joint ventures	94	89
Net Changes in current/non current assets & liabilities	4,034	0
	<u>15,419</u>	<u>14,307</u>
Funds were applied to:-		
Purchase and construction of assets	(12,064)	(10,779)
Principal repaid on loans	(1,098)	(920)
Finance lease instalments	(229)	(299)
Transfers to externally restricted assets (net)	(654)	0
Net Changes in current/non current assets & liabilities	0	(2,578)
	<u>(14,045)</u>	<u>(14,576)</u>
Increase/(Decrease) in Available Working Capital	1,374	(269)

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio (UCR)

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$3.718 million representing a factor of 1.51 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$1.425 million as detailed below;

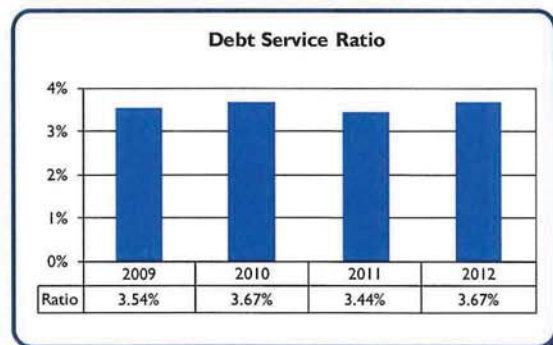
	2012	2011	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	551	(729)	1,280
Add: Payables & provisions not expected to be realised in the next 12 months included above	9,970	9,176	794
Adjusted Net Current Assets	10,521	8,447	2,074
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	1,191	1,256	(65)
- Employees leave entitlements	2,270	1,635	635
- Deposits & retention moneys	606	1,300	(694)
Less: Externally restricted assets	(6,803)	(6,149)	(654)
Less: Internally restricted assets	(6,360)	(6,438)	78
Available Working Capital as at 30 June	\$ 1,425	\$ 51	\$ 1,374

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors and inventories and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside and the balanced budget adopted for the year ending 30 June 2012, we are of the opinion that Available Working Capital as at 30 June 2012 was satisfactory.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 3.67%.

Principal and interest paid was \$1.990 million leaving total debt as at 30 June 2012 at \$12.291 million.



2.4 Summary

Council's overall financial position, when taking into account the above financial indicators is, in our opinion, satisfactory.

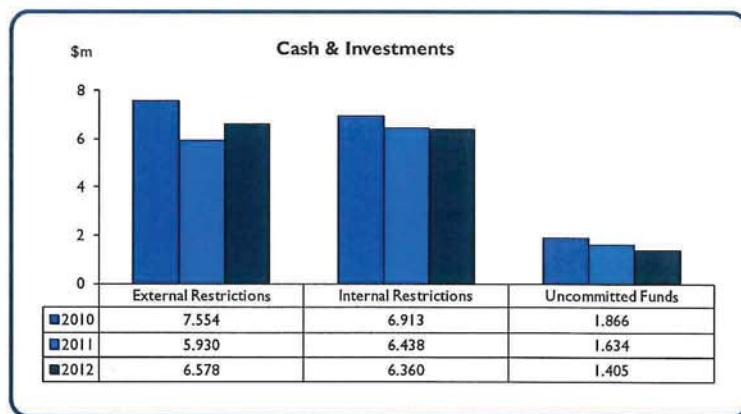
3. CASH ASSETS

3.1 Cash & Investments

Cash and investments totalled \$14.343 million at the close of the year as compared with \$14.002 million in 2011 and \$16.333 million in 2010.

Investments included CDO's (Collateralised Debt Obligations) held at fair value of \$1.070 million. These securities have been significantly affected by the ongoing global credit crisis. Note 1(g) provides details of the valuation of these securities.

The table alongside summarises the purposes for which cash and investments were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 of \$4.878 million, specific purpose grants of \$980,000 and Art Galley funds of \$720,000.

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$6.360 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$1.405 million, which is available to provide liquidity for day to day operations.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$1.001 million to \$10.850 million at the close of the year.

In addition to operating activities which contributed net cash of \$8.009 million were the sale of investments securities (\$302,000), proceeds from borrowings (\$3.948 million), distributions from joint ventures (\$94,000) and sale of assets (\$550,000). Cash outflows other than operating activities were used to repay loans and finance leases (\$1.327 million) and purchase and construct assets (\$11.077 million).

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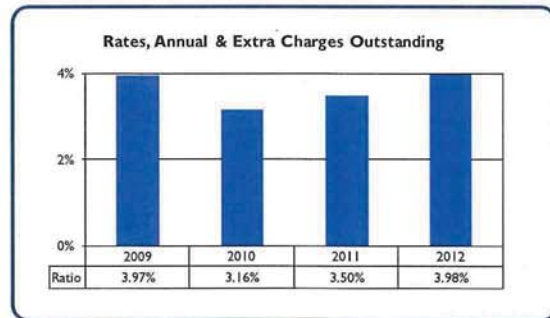
4. RECEIVABLES

4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$33.969 million and represented 58.75% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$34.997 million of which \$33.670 million (96.21%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$1.407 million at the end of the year and represented 3.98% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$2.300 million and mainly consisted of user charges and fees (\$940,000), amounts due from government departments (\$959,000) and accrued interest on investments and other revenues (\$394,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$56,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$6.643 million.

Internally restricted cash and investments were held amounting to \$1.328 million representing, 20% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$6.406 million of which \$1.588 million was held in internally restricted cash and investments, representing 25% of the liability.

5.3 Accrued Expenses

Council purchased the former Seaforth TAFE site during the year on deferred settlement terms with the balance due on 11 June 2013. Note 23 provides information in relation to funding the settlement.

6. MANAGEMENT LETTER

A letter was issued to management during the year in respect of our examination of certain aspects of Council's accounting systems and internal controls necessary to produce reliable financial reports that we considered warrant attention. A response was received from management.

7. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Manly Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"Manly - where the natural environment and heritage sustain and
complement a vibrant cosmopolitan and community lifestyle"*



Manly Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
- Income Statement of Other Business Activities	3
- Balance Sheet of Other Business Activities	6
3. Notes to the Special Purpose Financial Statements	9
4. Auditor's Report	13

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Manly Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 07 September 2012.



Jean Hay
MAYOR



Mr Henry Wong
GENERAL MANAGER



Mrs Jenny Nascimento
RESPONSIBLE ACCOUNTING OFFICER

Manly Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

\$ '000	Domestic Waste Management		Commercial Waste	
	Category 1		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Income from continuing operations				
Access charges	8,637	8,166	-	-
User charges	9	9	376	1,141
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	303	265	-	157
Profit from the sale of assets	-	-	-	-
Other income	7	7	462	-
Total income from continuing operations	8,956	8,447	838	1,298
Expenses from continuing operations				
Employee benefits and on-costs	2,028	2,176	452	655
Borrowing costs	-	-	-	-
Materials and contracts	-	3,147	-	1,109
Depreciation and impairment	3,515	479	500	-
Loss on sale of assets	674	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	2,662	2,204	88	333
Total expenses from continuing operations	8,879	8,006	1,040	2,097
Surplus (deficit) from Continuing Operations before capital amounts	77	441	(202)	(799)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	77	441	(202)	(799)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	77	441	(202)	(799)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(23)	(132)	-	-
SURPLUS (DEFICIT) AFTER TAX	54	309	(202)	(799)
plus Opening Retained Profits	665	1,253	6	87
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	23	132	-	-
add:				
- Subsidy Paid/Contribution To Operations	835	(1,029)	212	718
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	1,577	665	16	6
Return on Capital %	3.8%	26.4%	n/a	n/a
Subsidy from Council	-	-	202	799

Manly Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

\$ '000	Parking Stations		Swim Centre	
	Category 1		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Income from continuing operations				
Access charges	-	-	-	-
User charges	4,727	4,170	935	975
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	99	116
Total income from continuing operations	4,727	4,170	1,034	1,091
Expenses from continuing operations				
Employee benefits and on-costs	153	149	800	753
Borrowing costs	-	-	-	-
Materials and contracts	821	1,038	267	128
Depreciation and impairment	86	108	24	21
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	302	274	343	328
Total expenses from continuing operations	1,362	1,569	1,434	1,230
Surplus (deficit) from Continuing Operations before capital amounts	3,365	2,601	(400)	(139)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	3,365	2,601	(400)	(139)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	3,365	2,601	(400)	(139)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(1,010)	(780)	-	-
SURPLUS (DEFICIT) AFTER TAX	2,356	1,821	(400)	(139)
plus Opening Retained Profits	155	230	(74)	(90)
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	1,010	780	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	365	155
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(3,460)	(2,676)	-	-
Closing Retained Profits	60	155	(109)	(74)
Return on Capital %	6118.2%	1857.9%	-678.0%	-182.9%
Subsidy from Council	-	-	402	143

Manly Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

Childrens Services

Category 1

\$ '000	Actual 2012	Actual 2011
Income from continuing operations		
Access charges	-	-
User charges	2,592	2,186
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	762	478
Profit from the sale of assets	-	-
Other income	12	13
Total income from continuing operations	3,366	2,677
Expenses from continuing operations		
Employee benefits and on-costs	2,726	2,360
Borrowing costs	-	-
Materials and contracts	480	427
Depreciation and impairment	18	17
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	399	327
Total expenses from continuing operations	3,623	3,131
Surplus (deficit) from Continuing Operations before capital amounts	(257)	(454)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(257)	(454)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(257)	(454)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(257)	(454)
plus Opening Retained Profits	(206)	(173)
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	200	421
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	(263)	(206)
Return on Capital %	-292.0%	-436.5%
Subsidy from Council	260	459

Manly Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

\$ '000	Domestic Waste Management		Commercial Waste	
	Category 1		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	236	220	48	103
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	236	220	48	103
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	2,012	1,672	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	2,012	1,672	-	-
TOTAL ASSETS	2,248	1,892	48	103
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	29	662	-	-
Interest bearing liabilities	-	-	-	-
Provisions	639	562	32	97
Total Current Liabilities	668	1,224	32	97
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	3	3	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	3	3	-	-
TOTAL LIABILITIES	671	1,227	32	97
NET ASSETS	1,577	665	16	6
EQUITY				
Retained earnings	1,577	665	16	6
Revaluation reserves	-	-	-	-
Council equity interest	1,577	665	16	6
Minority equity interest	-	-	-	-
TOTAL EQUITY	1,577	665	16	6

Manly Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

\$ '000	Parking Stations		Swim Centre	
	Category 1		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	17	22	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	17	22	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	55	140	59	76
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	55	140	59	76
TOTAL ASSETS	72	162	59	76
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	9	5	164	147
Total Current Liabilities	9	5	164	147
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	3	2	4	3
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	3	2	4	3
TOTAL LIABILITIES	12	7	168	150
NET ASSETS	60	155	(109)	(74)
EQUITY				
Retained earnings	60	155	(109)	(74)
Revaluation reserves	-	-	-	-
Council equity interest	60	155	(109)	(74)
Minority equity interest	-	-	-	-
TOTAL EQUITY	60	155	(109)	(74)

Manly Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

Childrens Services

Category 1

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	-	-
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	88	104
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	88	104
TOTAL ASSETS	88	104
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	319	284
Total Current Liabilities	319	284
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	32	26
Other Liabilities	-	-
Total Non-Current Liabilities	32	26
TOTAL LIABILITIES	351	310
NET ASSETS	(263)	(206)
EQUITY		
Retained earnings	(263)	(206)
Revaluation reserves	-	-
Council equity interest	(263)	(206)
Minority equity interest	-	-
TOTAL EQUITY	(263)	(206)

Manly Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10

Manly Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Domestic Waste Management

Comprising the collection of domestic waste from Council's residents.

b. Parking Stations

Comprising Whistler Street, Manly National, Manly Pacific and Peninsula Parking Stations in Manly.

c. Children's Services

Comprising the nine separate services operating out of the following venues: Kangaroo Street Childcare, Ivanhoe Park Pre-School, the Roundhouse Childcare Centre and Harbourview Children's Care Centre.

Category 2

(where gross operating turnover is less than \$2 million)

a. Commercial Waste Management

Comprising the collection of commercial rated properties in Council's municipality.

This business was sold to a third party in October 2011.

b. Swim Centre

Comprising the operations at Andrew Boy Charlton Manly Swim Centre.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars

Manly Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

Manly Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses “would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field”.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30/6/12.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

MANLY COUNCIL
SPECIAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *special purpose financial statements* of **Manly Council**, which comprises the Balance Sheet as at 30 June 2012, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note I and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 4th day of October 2012

Manly Council

SPECIAL SCHEDULES

for the year ended 30 June 2012

"Manly - where the natural environment and heritage sustain and complement a vibrant cosmopolitan and community lifestyle"



Manly Council

Special Schedules

for the financial year ended 30 June 2012

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Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 7	Condition of Public Works	5
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Manly Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	2,621	-	-	(2,621)
Administration	13,703	4,233	607	(8,863)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,039	-	-	(1,039)
Beach Control	1,227	90	-	(1,137)
Enforcement of Local Govt. Regulations	1,950	2,619	-	669
Animal Control	-	17	-	17
Other	144	55	-	(89)
Total Public Order & Safety	4,360	2,781	-	(1,579)
Health	841	113	-	(728)
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	849	81	-	(768)
Solid Waste Management	8,708	9,058	-	350
Street Cleaning	3,120	-	-	(3,120)
Drainage	-	-	-	-
Stormwater Management	382	378	-	(4)
Total Environment	13,059	9,517	-	(3,542)
Community Services and Education				
Administration & Education	564	656	-	92
Social Protection (Welfare)	369	264	-	(105)
Aged Persons and Disabled	609	163	-	(446)
Children's Services	3,522	2,971	-	(551)
Total Community Services & Education	5,064	4,054	-	(1,010)
Housing and Community Amenities				
Public Cemeteries	27	52	-	25
Public Conveniences	610	-	-	(610)
Street Lighting	868	100	-	(768)
Town Planning	1,038	88	-	(950)
Other Community Amenities	29	-	-	(29)
Total Housing and Community Amenities	2,572	240	-	(2,332)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Manly Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,981	213	-	(1,768)
Museums	-	-	-	-
Art Galleries	627	152	-	(475)
Community Centres and Halls	394	92	-	(302)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	34	-	-	(34)
Sporting Grounds and Venues	947	61	31	(855)
Swimming Pools	1,568	1,035	-	(533)
Parks & Gardens (Lakes)	2,741	167	75	(2,499)
Other Sport and Recreation	745	45	-	(700)
Total Recreation and Culture	9,037	1,765	106	(7,166)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	3,157	745	-	(2,412)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	3,157	745	-	(2,412)
Transport and Communication				
Urban Roads (UR) - Local	1,037	1,524	89	576
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	1,614	4,727	-	3,113
Footpaths	532	-	-	(532)
Aerodromes	-	-	-	-
Other Transport & Communication	569	561	-	(8)
Total Transport and Communication	3,752	6,812	89	3,149
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,256	318	-	(938)
Total Economic Affairs	1,256	318	-	(938)
Totals – Functions	59,422	30,578	802	(28,042)
General Purpose Revenues⁽²⁾		26,254		26,254
Share of interests - joint ventures & associates using the equity method	-	291		291
NET OPERATING RESULT ⁽¹⁾	59,422	57,123	802	(1,497)

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Manly Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,030	8,217	9,247	3,900	1,098	-	-	633	1,044	11,005	12,049
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	1,030	8,217	9,247	3,900	1,098	-	-	633	1,044	11,005	12,049
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	226	197	423	48	229	-	-	30	147	95	242
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	226	197	423	48	229	-	-	30	147	95	242
Total Debt	1,256	8,414	9,670	3,948	1,327	-	-	663	1,191	11,100	12,291

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Manly Council

Special Schedule No. 7 - Condition of Public Works

as at 30 June 2012

\$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<<<< per Note 9 >>>>>>>>>>>>							
Buildings	Council Offices	1.00%	134		12,198	4,529	7,669	2	250	115	100
	Council Works Depot	1 - 2%	71		4,772	827	3,945	1	100	34	20
	Community Centres	1.00%	20		2,637	265	2,372	2	50	7	10
	Senior Citizens Centre	2.00%	27		1,974	321	1,653	1	50	14	10
	Scout/Guide Halls	1 - 2%	4		349	56	293	3	-	-	-
	Houses	1 - 3%	11		827	308	519	3	10	7	12
	Multi Storey Car Park	1.00%	162		19,706	6,718	12,988	3	400	118	118
	Recreational Grounds	1 - 2%	163		12,306	2,726	9,580	3	110	104	90
	Surf Pavillons	1.00%	164		16,595	4,743	11,852	3	320	56	48
	Youth Centre	2.00%	-		6	1	5	3	50	11	15
	Ancillary Buildings	1 - 2%	69		4,838	1,258	3,580	3	100	26	30
	Library	1.00%	168		11,026	1,711	9,315	1	100	39	40
	Childcare Centre(s)	1.00%	78		5,550	825	4,725	1	75	34	30
	Art Gallery	1.00%	31		2,251	751	1,500	2	150	24	35
	Amenities/Toilets	1 - 2%	74		5,164	1,038	4,126	3	220	112	80
	sub total		1,176		-	100,199	26,077		1,985	701	638
Public Roads	Sealed Roads	1.00%	466		155,119	11,909	143,210	3	445	124	133
	Bridges	1 - 3%	21		1,653	469	1,184	1	-	-	-
	Footpaths	2 - 3%	831		41,640	20,204	21,436	2	600	477	415
	Kerb and Gutter	1 - 5%	495		34,484	20,667	13,817	3	80	53	50
	Roads & Paths in Public Reserves	1 - 6%	200		4,561	3,325	1,236	2	-	-	-
	sub total		2,013		-	237,457	56,574		1,125	654	598

Manly Council

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2012

\$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>>>>>>>>>>>>>>							
Drainage Works	Pollution Devices	3.00%	44	-	918	280	638	2	-	-	-
	Structures	1.00%	-	-	24	2	22	1	-	-	-
	Conduits	1.00%	337	-	37,959	14,471	23,488	3	700	293	245
	Inlet and Junction Pits	3.00%	155	-	4,885	3,921	964	3	-	-	-
	Head Walls	3.00%	10	-	312	183	129	2	-	-	-
	Outfall Structures		3	-	136	46	90	-	-	-	-
	sub total			549	-	44,234	18,903	25,331		700	293
	TOTAL - ALL ASSETS		5,899	-	458,201	137,427	320,774		8,864	5,567	4,986

Notes:

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

Asset Condition "Key" - as per the DLG Integrated Planning & Reporting Manual

1	Excellent - No work required (normal maintenance)
2	Good - Only minor maintenance work required
3	Average - Maintenance work required
4	Poor - Renewal required
5	Very Poor - Urgent renewal/upgrading required

Manly Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	57,822	58,673	60,473	61,736	62,996
Expenses from continuing operations	59,422	58,362	60,465	61,324	62,828
Operating Result from Continuing Operations	<u>(1,600)</u>	<u>311</u>	<u>8</u>	<u>412</u>	<u>168</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	4,460	4,225	-	-	-
Replacement/Refurbishment of Existing Assets	7,587	10,990	8,330	7,463	7,565
Total Capital Budget	<u>12,047</u>	<u>15,215</u>	<u>8,330</u>	<u>7,463</u>	<u>7,565</u>
Funded by:					
- Loans	5,460	6,030	1,000	1,000	1,000
- Asset sales	1,057	1,690	2,132	2,173	2,418
- Reserves	1,671	1,690	2,132	1,350	1,350
- Grants/Contributions	874	1,600	1,850	2,000	2,200
- Recurrent revenue	2,985	4,205	1,216	940	597
- Other	-	-	-	-	-
	<u>12,047</u>	<u>15,215</u>	<u>8,330</u>	<u>7,463</u>	<u>7,565</u>

Notes:

- (1) From 11/12 Income Statement.
(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
(3) If Council has only adopted 3 years of projections then only show 3 years.
(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.