

SHIRE OF NANNUP
MONTHLY FINANCIAL REPORT
(Containing the Statement of Financial Activity)
For the period ending 31 July 2025

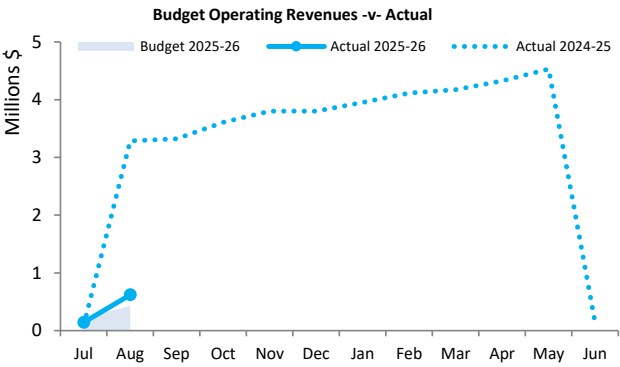
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

TABLE OF CONTENTS

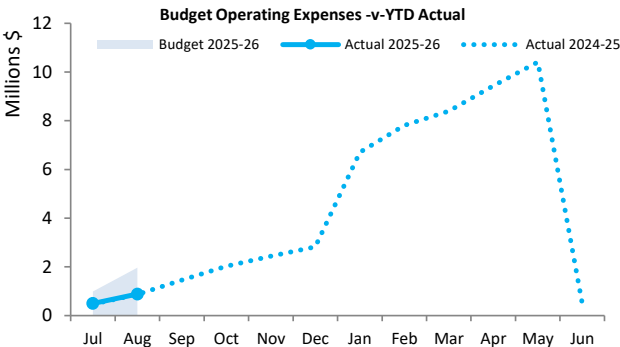
Statement of Financial Activity by Nature or Type	5
Basis of Preparation	6
Note 1 Statement of Financial Activity Information	7
Note 2 Cash and Financial Assets	8
Note 3 Receivables	9
Note 4 Other Current Assets	10
Note 5 Payables	11
Note 6 Disposal of Assets	12
Note 7 Capital Acquisitions	13
Note 8 Borrowings	15
Note 9 Lease Liabilities	16
Note 10 Reserve Accounts	17
Note 11 Other Current Liabilities	18
Note 12 Operating grants and contributions	19
Note 13 Non operating grants and contributions	20
Note 14 Trust Fund	21
Note 15 Budget Amendments	22
Note 16 Explanation of Material Variances	27

OPERATING ACTIVITIES

OPERATING REVENUE

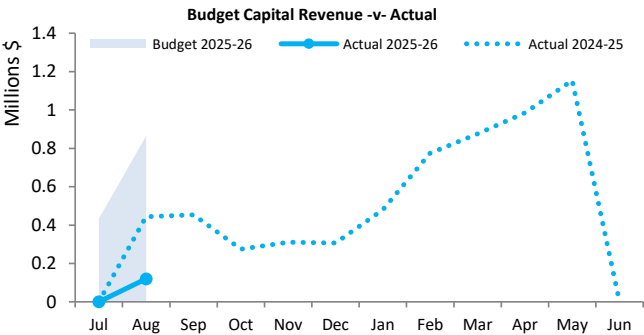


OPERATING EXPENSES

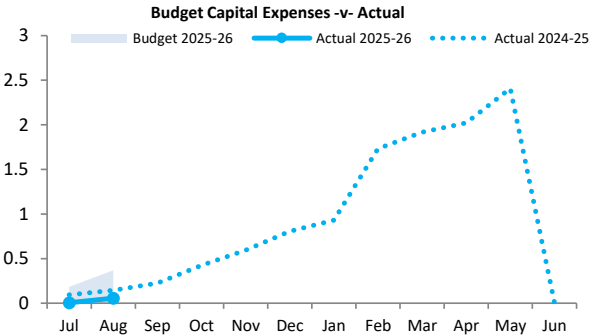


INVESTING ACTIVITIES

CAPITAL REVENUE



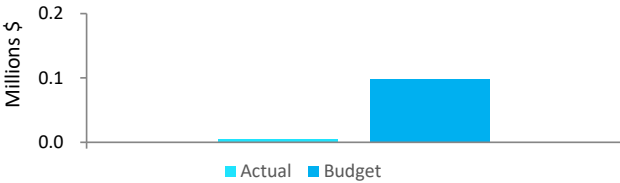
CAPITAL EXPENSES



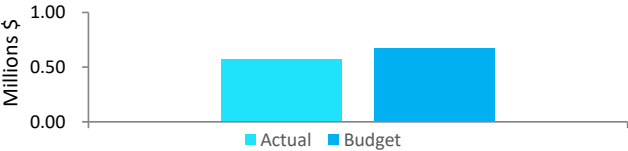
FINANCING ACTIVITIES

BORROWINGS

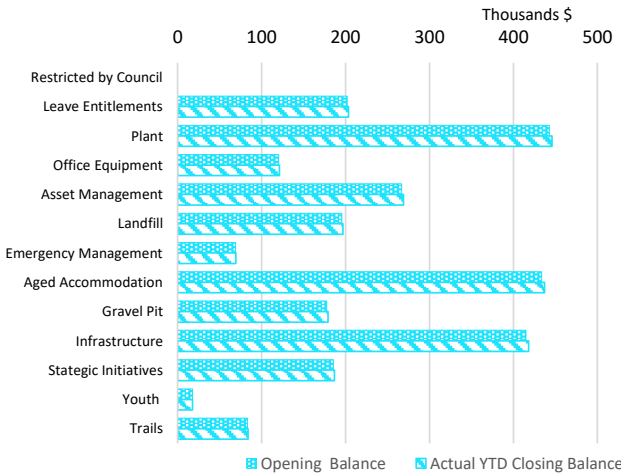
Principal Repayments



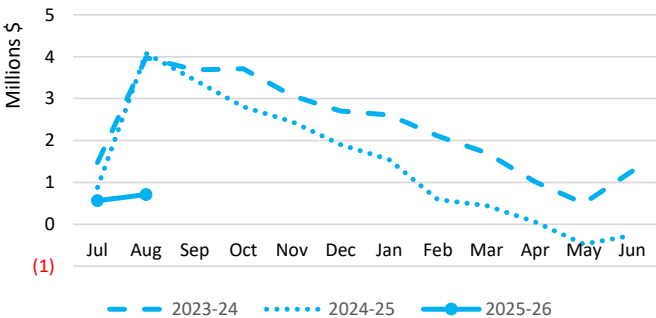
Principal Outstanding



RESERVES



Closing funding surplus / (deficit)



This information is to be read in conjunction with the accompanying Financial Statements and Notes.

Funding surplus / (deficit) Components

	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
Opening	\$0.93 M	\$0.93 M	\$0.93 M	\$0.01 M
Closing	\$0.00 M	(\$0.14 M)	\$0.71 M	\$0.85 M

Refer to Statement of Financial Activity

Cash and cash equivalents		
	\$4.38 M	% of total
Unrestricted Cash	\$0.26 M	6.0%
Restricted Cash	\$4.12 M	94.0%

Refer to Note 2 - Cash and Financial Assets

Payables	
	\$0.25 M
Trade Payables	\$0.00 M
0 to 30 Days	99.0%
Over 30 Days	1.0%
Over 90 Days	0%

Refer to Note 5 - Payables

Receivables	
	\$0.25 M
Rates Receivable	\$0.18 M
Trade Receivable	\$0.25 M
Over 30 Days	48.3%
Over 90 Days	45.6%

Refer to Note 3 - Receivables

Key Operating Activities

Amount attributable to operating activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$0.73 M)	(\$1.54 M)	(\$0.26 M)	\$1.27 M

Refer to Statement of Financial Activity

Rates Revenue		
YTD Actual	\$0.00 M	% Variance
YTD Budget	\$0.00 M	0.00%

Refer to Statement of Financial Activity

Operating Grants and Contributions		
YTD Actual	\$0.50 M	% Variance
YTD Budget	\$0.24 M	112.56%

Refer to Note 12 - Operating Grants and Contributions

Fees and Charges		
YTD Actual	\$0.08 M	% Variance
YTD Budget	\$0.13 M	(38.29%)

Refer to Statement of Financial Activity

Key Investing Activities

Amount attributable to investing activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$0.34 M)	\$0.53 M	\$0.07 M	(\$0.46 M)

Refer to Statement of Financial Activity

Proceeds on sale		
YTD Actual	\$0.00 M	%
Adopted Budget	\$0.19 M	0.00%

Refer to Note 6 - Disposal of Assets

Asset Acquisition		
YTD Actual	\$0.06 M	% Spent
Adopted Budget	\$5.78 M	1.0%

Refer to Note 7 - Capital Acquisitions

Capital Grants		
YTD Actual	\$0.12 M	% Received
Adopted Budget	\$5.19 M	2.31%

Refer to Note 7 - Capital Acquisitions

Key Financing Activities

Amount attributable to financing activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
\$0.13 M	(\$0.06 M)	(\$0.03 M)	\$0.03 M

Refer to Statement of Financial Activity

Borrowings	
Principal repayments	(\$0.01 M)
Interest expense	(\$0.00 M)
Principal due	\$0.57 M

Refer to Note 8 - Borrowings

Reserves	
Reserves balance	\$2.63 M
Interest earned	\$0.02 M

Refer to Note 10 - Cash Reserves

Lease Liability	
Principal repayments	\$0.00 M
Interest expense	\$0.00 M
Principal due	\$0.00 M

Refer to Note 9 - Lease Liabilities

This information is to be read in conjunction with the accompanying Financial Statements and notes.

KEY TERMS AND DESCRIPTIONS

FOR THE PERIOD ENDED 31 AUGUST 2025

REVENUE

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refers to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of identifiable non financial assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, and other fees and charges.

SERVICE CHARGES

Service charges imposed under *Division 6 of Part 6 of the Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates, reimbursements etc.

PROFIT ON ASSET DISPOSAL

Excess of assets received over the net book value for assets on their disposal.

NATURE OR TYPE DESCRIPTIONS

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Shortfall between the value of assets received over the net book value for assets on their disposal.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets. Excluding Land.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, allowance for impairment of assets, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025**

BY NATURE OR TYPE

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Variance \$ (b) - (a)	Variance % ((b) - (a))/(a)	Var.
		\$	\$	\$	\$	%	
Opening funding surplus / (deficit)	1(c)	926,151	926,151	931,641	5,490	0.59%	
Revenue from operating activities							
Rates		2,854,618	0	0	0	0.00%	
Operating grants, subsidies and contributions	12	1,424,900	237,376	504,576	267,200	112.56%	▲
Fees and charges		791,339	131,802	81,330	(50,472)	(38.29%)	▼
Interest earnings		211,433	35,218	25,069	(10,149)	(28.82%)	
Other revenue		66,810	11,112	8,268	(2,844)	(25.59%)	
Profit on disposal of assets	6	89,488	14,906	0	(14,906)	(100.00%)	
		5,438,588	430,413	619,243	188,830	43.87%	
Expenditure from operating activities							
Employee costs		(3,353,958)	(558,610)	(437,889)	120,721	21.61%	▼
Materials and contracts		(2,111,961)	(351,322)	(259,129)	92,193	26.24%	▼
Utility charges		(109,567)	(18,208)	(14,928)	3,280	18.01%	▼
Depreciation on non-current assets		(5,763,075)	(960,110)	0	960,110	100.00%	▼
Interest expenses		(16,853)	(2,806)	(504)	2,302	82.04%	▼
Insurance expenses		(232,945)	(38,772)	(131,762)	(92,990)	(239.84%)	▲
Other expenditure		(224,704)	(37,402)	(40,823)	(3,421)	(9.15%)	
		(11,813,062)	(1,967,230)	(885,035)	1,082,195	(55.01%)	
Non-cash amounts excluded from operating activities	1(a)	5,649,079	1,537	1,537	0	0.00%	
Amount attributable to operating activities		(725,395)	(1,535,280)	(264,255)	1,271,025	(82.79%)	
Investing activities							
Proceeds from non-operating grants, subsidies and contributions	13	5,194,246	865,354	120,000	(745,354)	(86.13%)	▼
Proceeds from disposal of assets	6	185,000	30,833	0	(30,833)	(100.00%)	▼
Proceeds from financial assets at amortised cost - self supporting loans	8	61,030	5,222	5,222	0	0.00%	
Payments for property, plant and equipment and infrastructure	7	(5,775,973)	(368,478)	(55,723)	312,755	84.88%	▼
Amount attributable to investing activities		(335,697)	532,931	69,499	(463,432)	(86.96%)	
Financing Activities							
Transfer from reserves	10	399,866	66,644	0	(66,644)	(100.00%)	▼
Payments for principal portion of lease liabilities		(2,690)	(2,690)	(1,794)	896	33.31%	▼
Repayment of debentures	8	(98,236)	(98,236)	(5,222)	93,014	94.68%	▼
Transfer to reserves	10	(164,000)	(27,333)	(19,859)	7,474	27.34%	▼
Amount attributable to financing activities		134,941	(61,615)	(26,875)	34,739	(56.38%)	
Closing funding surplus / (deficit)	1(c)	0	(137,813)	710,006	847,819	(615%)	

KEY INFORMATION

▲▼ Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.

Refer to Note 2 for an explanation of the reasons for the variance.

This statement is to be read in conjunction with the accompanying Financial Statements and Notes.

BASIS OF PREPARATION

The financial report has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying Regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to these financial statements.

SIGNIFICANT ACCOUNTING POLICES

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimation of fair values of certain financial assets
- estimation of fair values of fixed assets shown at fair value
- impairment of financial assets

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

PREPARATION TIMING AND REVIEW

Date prepared: All known transactions up to 18 September 2025

(a) Non-cash items excluded from operating activities

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Notes	Adopted Budget	Amended Budget	YTD Budget (a)	YTD Actual (b)
Non-cash items excluded from operating activities		\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	6	(89,488)	(89,488)	(14,906)	0
Less: Movement in liabilities associated with restricted cash					1,537
Movement in employee benefit provisions (non-current)		(24,508)	(24,508)	(4,085)	0
Add: Depreciation on assets		5,763,075	5,763,075	960,110	0
Total non-cash items excluded from operating activities		5,649,079	5,649,079	941,119	1,537

(b) Adjustments to net current assets in the Statement of Financial Activity

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

		Adopted Budget	Amended Budget	Last Year	Year to
		Opening	Opening	Closing	Date
		30 June 2025	30 June 2025	30 June 2025	31 August 2025
Adjustments to net current assets					
Less: Reserves - restricted cash	10	(2,609,969)	(2,609,969)	(2,609,969)	(2,629,828)
Less: - Financial assets at amortised cost - self supporting loans	4	0	0	(61,030)	(55,808)
Add: Borrowings	8	98,236	98,236	98,236	93,015
Add: Provisions employee related provisions	11	202,034	202,034	202,030	203,567
Add: Lease liabilities	9	2,690	2,690	2,690	897
Total adjustments to net current assets		(2,307,009)	(2,307,009)	(2,368,043)	(2,388,157)

(c) Net current assets used in the Statement of Financial Activity

Current assets

Cash and cash equivalents	2	4,932,583	4,932,583	4,938,077	4,380,474
Rates receivables	3	215,615	215,615	215,615	183,485
Receivables	3	256,983	256,983	256,983	253,543
Other current assets	4	384,883	384,883	445,913	471,845

Less: Current liabilities

Payables	5	(613,378)	(613,378)	(613,378)	(254,666)
Borrowings	8	(98,236)	(98,236)	(98,236)	(93,015)
Contract liabilities	11	(1,487,421)	(1,487,421)	(1,487,421)	(1,487,421)
Lease liabilities	9	(2,690)	(2,690)	(2,690)	(897)
Provisions	11	(355,179)	(355,179)	(355,179)	(355,179)
Less: Total adjustments to net current assets	1(b)	(2,307,009)	(2,307,009)	(2,368,043)	(2,388,157)

Closing funding surplus / (deficit)

926,151	926,151	931,641	710,006
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CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the operational cycle.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025**

**OPERATING ACTIVITIES
NOTE 2
CASH AND FINANCIAL ASSETS**

Description	Classification	Unrestricted	Restricted	Total Cash	Trust	Institution	Interest Rate	Maturity Date
		\$	\$	\$	\$			
Municipal Cash at Bank	Cash and cash equivalents	263,226	1,487,421	1,750,647	0	CBA	3.00%	on call
Reserve Cash at Bank	Cash and cash equivalents	0	2,629,827	2,629,827	0	CBA	3.60%	on call
Total		263,226	4,117,248	4,380,474	0			
Comprising								
Cash and cash equivalents		263,226	4,117,248	4,380,474	0			
		263,226	4,117,248	4,380,474	0			

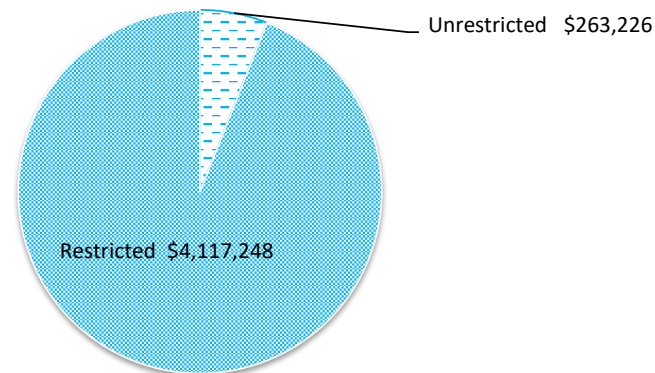
KEY INFORMATION

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and 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. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of net current assets.

The local government classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

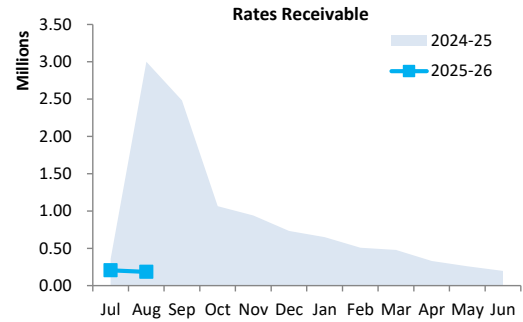
Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025**

**OPERATING ACTIVITIES
NOTE 3
RECEIVABLES**

Rates receivable	30 Jun 2025	31 Aug 2025
	\$	\$
Opening arrears previous years	198,217	215,615
Levied this year	2,647,855	0
Less - collections to date	(2,630,457)	(32,130)
Gross rates collectable	215,615	183,485
Net rates collectable	215,615	183,485
% Collected	92.4%	14.9%



Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	(1,731)	103,336	3,669	1,639	89,783	196,695
Percentage	(0.90%)	52.5%	1.9%	0.8%	45.6%	
Balance per trial balance						
Pensioner Rebates Receivable						0
Sundry receivable						196,695
ATO GST receivable						55,188
Bond Held for Lease						1,660
Total receivables general outstanding						253,543

Amounts shown above include GST (where applicable)

KEY INFORMATION

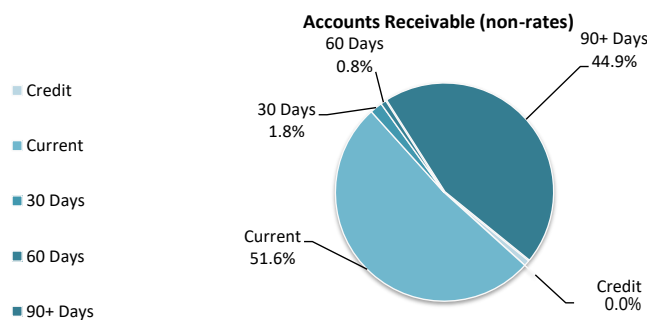
Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.



	Opening Balance 1 July 2025	Asset Increase	Asset Reduction	Closing Balance 31 August 2025
Other current assets	\$	\$	\$	\$
Other financial assets at amortised cost				
Financial assets at amortised cost - self supporting loans	61,030	0	(5,222)	55,808
Inventory				
Fuel	7,517	342	0	7,859
Gravel	156,338	0	0	156,338
Accrued income	30,812	30,812	0	61,624
Contract assets				
Contract assets	190,216	0	0	190,216
Total other current assets	445,913	31,154	(5,222)	471,845
Amounts shown above include GST (where applicable)				

KEY INFORMATION

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Inventory

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

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.

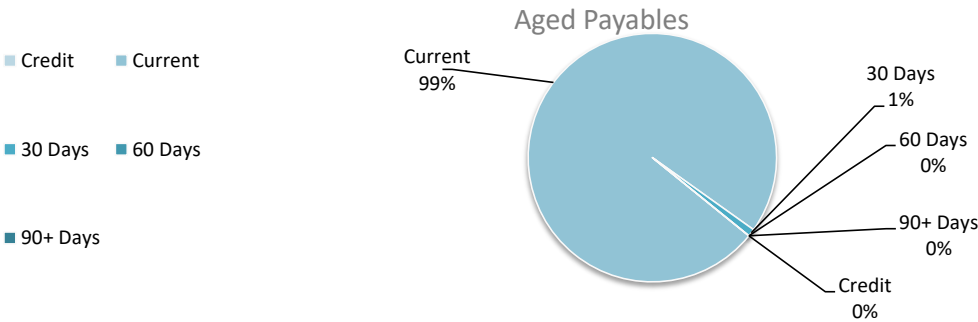
Contract assets

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

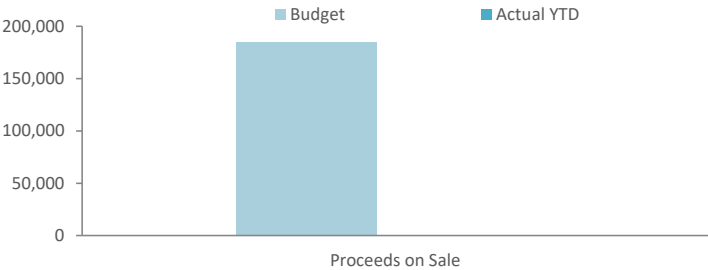
Payables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - general	0	4,801	48	0	0	4,848
Percentage	0%	99%	1%	0%	0%	
Balance per trial balance						
ATO GST & PAYG liabilities						105,377
Bonds & Deposits						97,450
Rates in Advance						39,006
Other payables						1,481
Payroll - Novated Leases						6,504
Total payables general outstanding						254,666
Amounts shown above include GST (where applicable)						

KEY INFORMATION

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the period that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.



Asset Ref.	Asset description	Budget				YTD Actual			
		Net Book				Net Book			
		Value	Proceeds	Profit	(Loss)	Value	Proceeds	Profit	(Loss)
		\$	\$	\$	\$	\$	\$	\$	\$
	Plant and equipment								
	Recreation and culture								
	Toyota Hilux	10,973	30,000	19,027	0	0	0	0	0
	Transport								
	Hino Long Crew Cab	0	35,000	35,000	0	0	0	0	0
	Volvo Loader L90	84,539	120,000	35,461	0	0	0	0	0
		95,512	185,000	89,488	0	0	0	0	0



	Adopted Budget	Amended Budget	Adopted YTD Budget	YTD Actual	YTD Actual Variance
Capital acquisitions					
	\$	\$	\$	\$	\$
Buildings	222,642	222,642	37,086	5,774	(31,312)
Furniture and equipment	16,700	16,700	0	0	0
Plant and equipment	150,692	150,692	9,162	43,838	34,676
Infrastructure - roads	1,070,000	1,070,000	9,994	0	(9,994)
Infrastructure - footpaths & cyclepaths	2,762,406	2,762,407	284,746	6,111	(278,635)
Infrastructure - bridges	1,388,500	1,000,000	0	0	0
Infrastructure - parks & ovals	53,000	53,000	8,828	0	(8,828)
Infrastructure - other	112,033	112,033	18,662	0	(18,662)
Payments for Capital Acquisitions	5,775,973	5,387,474	368,478	55,723	(312,755)
Capital Acquisitions Funded By:					
	\$	\$	\$	\$	\$
Capital grants and contributions	5,194,246	0	865,354	120,000	(745,354)
Other (disposals & C/Fwd)	185,000	185,000	30,833	0	(30,833)
Cash backed reserves					
Leave Entitlements	30,000	30,000		0	0
Plant	62,000	62,000		0	0
Office Equipment	15,700	15,700		0	0
Asset Management	118,487	118,487		0	0
Landfill	15,000	15,000		0	0
Emergency Management	6,500	6,500		0	0
Infrastructure	88,000	88,000		0	0
Strategic Initiatives	64,179	64,179	0	0	0
Contribution - operations	(3,139)	4,802,608	(527,709)	(64,277)	463,432
Capital funding total	5,775,973	5,387,474	368,478	55,723	(312,755)

SIGNIFICANT ACCOUNTING POLICIES

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

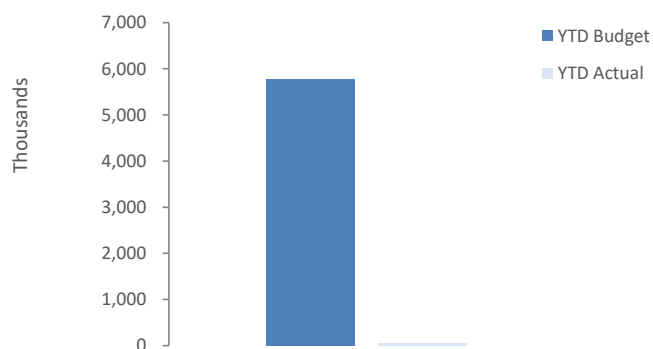
Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognise at fair value. Assets held at cost are depreciated and assessed for impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Payments for Capital Acquisitions



		Adopted	Amended	Adopted		Variance
Account Description		Budget	Budget	YTD Budget	YTD Actual	(Under)/Over
		\$	\$	\$	\$	\$
Buildings						
BC5501	Nannup Brook Vbfb Fire Station - Building (Capital)	24,155	24,155	4,024	3,000	(1,024)
BC5509	Cundinup Bfb Fire Station - Building (Capital)	15,150	15,150	2,522	1,178	(1,344)
BC9101	House (Lot 234) 30 Dunnett Road - Building (Capital)	13,495	13,495	2,248	1,596	(652)
BC9103	House (Lot 233) 29 Carey St - Building (Capital)	20,000	20,000	3,332	0	(3,332)
BC11101	Town Hall Nannup (1903) - Building (Capital)	60,000	60,000	9,996	0	(9,996)
BC11303	Recreation Centre Nannup - Building (Capital)	39,432	39,432	6,568	0	(6,568)
BC12102	Shire Depot - Administration Office - Building (Capital)	22,000	22,000	3,664	0	(3,664)
BC11305	Foreshore Park Amphitheatre Stage - Building (Capital)	15,367	15,367	2,560	0	(2,560)
BC11308	Bowling Club Nannup - Building (Capital)	13,043	13,043	2,172	0	(2,172)
Total Buildings		222,642	222,642	37,086	5,774	(31,312)
Furniture & Equipment						
4110320	REC - Furniture & Equipment (Capital)	10,000	10,000	0	0	0
4110520	LIBRARY - Furniture & Equipment (Capital)	6,700	6,700	0	0	0
Total Furniture & Equipment		16,700	16,700	0	0	0
Plant & Equipment						
4050530	ESL BFB - Plant & Equipment (Capital)	14,692	14,692	0	0	0
4050630	ESL SES - Plant & Equipment (Capital)	44,000	44,000	0	0	0
4070430	HEALTH - Plant & Equipment (Capital)	37,000	37,000	0	0	0
4120330	PLANT - Plant & Equipment (Capital)	55,000	55,000	9,162	43,838	34,676
Total Plant & Equipment		150,692	150,692	9,162	43,838	34,676
Roads						
RC500	Warren Road (Main Street) (Capital)	60,000	60,000	9,994	0	(9,994)
RC045	Jalbarragup Road (Capital)	180,000	180,000	0	0	0
RRG002	Cundinup - Kirup Road (Rrg)	265,000	265,000	0	0	0
RRG094	Cundinup South Road (Rrg)	120,000	120,000	0	0	0
RRG109	Bridgetown - Nannup Road (Rrg)	165,000	165,000	0	0	0
R2R007	Governor Broome Road (R2R)	125,000	125,000	0	0	0
R2R069	Fouracres Road (R2R)	120,000	120,000	0	0	0
R2R116	Leschenaultia Drive (R2R)	35,000	35,000	0	0	0
Total Roads		1,070,000	1,070,000	9,994	0	(9,994)
Drainage						
Total Drainage		0	0	0	0	0
Bridges						
BR3958A	East Nannup Rd - Bridge (Capital)	258,000	0	0	0	0
BR3979	Mowen Rd - Bridge (Capital)	50,500	0	0	0	0
BR3983A	Sears Rd - Bridge (Capital)	45,000	0	0	0	0
BR3950	Cundinup West Rd - Bridge (Capital)	1,000,000	1,000,000	0	0	0
BR9222	Old Rail Alignment - Bridge (Capital)	35,000	0	0	0	0
Total Bridges		1,388,500	1,000,000	0	0	0
Footpaths & Cyclepaths						
FC000	Footpath Construction General (Budgeting Only)	20,000	20,000	0	0	0
FC305	Hitchcock Drive - Footpath Capital	0	0	0	112	112
OC12111	Trail Town - Stage 1 - Southern Entrance To Town Bridge	1,033,247	1,033,247	0	0	0
OC12113	Trail Town - Stage 3	1,709,159	1,709,160	284,746	5,999	(278,747)
Total Footpaths & Cyclepaths		2,762,406	2,762,407	284,746	6,111	(278,635)
Parks & Gardens						
PC11309	River Foreshore Amphi Theatre Park & Car Park	28,000	28,000	4,664	0	(4,664)
PC11330	Town Oval Inc Pump Station	25,000	25,000	4,164	0	(4,164)
Total Parks & Gardens		53,000	53,000	8,828	0	(8,828)
Other Infrastructure						
4080190	PRESCHOOL - Infrastructure Other (Capital)	97,033	97,033	16,164	0	(16,164)
4100290	SAN OTH - Infrastructure Other (Capital)	15,000	15,000	2,498	0	(2,498)
Total Other Infrastructure		112,033	112,033	18,662	0	(18,662)
TOTAL PPE & INFRASTRUCTURE		5,775,973	5,387,474	368,478	55,723	(312,755)

Repayments - borrowings

Information on borrowings		New Loans			Principal Repayments		Principal Outstanding		Interest Repayments	
Particulars	Loan No.	1 July 2025	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities										
Waste Facility Machine	40	190,715	0	0	0	37,206	190,715	227,921	0	2,250
		190,715	0	0	0	37,206	190,715	227,921	0	2,250
Self supporting loans										
Community amenities										
Nannup Music Club	39	103,369	0	0	(6,749)	31,719	96,620	135,088	504	4,112
Nannup Music Club	41	275,124	0	0	11,971	29,311	287,095	304,435	0	14,373
		378,493	0	0	5,222	61,030	383,715	439,523	504	18,485
Total		569,208	0	0	5,222	98,236	574,430	667,444	504	20,735
Current borrowings		98,236					93,015			
Non-current borrowings		470,972					481,415			
		569,208					574,430			

All debenture repayments were financed by general purpose revenue.

Self supporting loans are financed by repayments from third parties.

The Shire has no unspent debenture funds as at 30th June 2025, nor is it expected to have unspent funds as at 30th June 2026.

KEY INFORMATION

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Non-current borrowings fair values are based on discounted cash flows using a current borrowing rate.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025**

FINANCING ACTIVITIES

NOTE 9

LEASE LIABILITIES

Movement in carrying amounts

Information on leases		New Leases		Principal Repayments		Principal Outstanding	
Particulars	Lease No. 1 July 2025	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
CESM Vehicle	979823	2,690	0	(1,794)	(2,690)	896	0
Total		2,690	0	(1,794)	(2,690)	896	0
Current lease liabilities		2,690				897	
		2,690				897	

All lease repayments were financed by general purpose revenue.

KEY INFORMATION

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is or contains a lease, if the contract "conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025

OPERATING ACTIVITIES

NOTE 10

RESERVE ACCOUNTS

Reserve accounts	Opening Balance	Adopted Budget Interest Earned	Amended Budget Interest Earned	Actual Interest Earned	Adopted Budget Transfers In (+)	Actual Transfers In (+)	Adopted Budget Transfers Out (-)	Actual Transfers Out (-)	Adopted Budget Closing Balance	Actual YTD Closing Balance
Reserve name	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by Council										
Leave Entitlements	202,030	5,496	5,496	1,537	0	0	30,000	0	177,526	203,567
Plant	442,763	12,045	12,045	3,368	93,000	0	62,000	0	485,808	446,131
Office Equipment	120,551	3,279	3,279	918	0	0	15,700	0	108,130	121,469
Asset Management	267,055	7,265	7,265	2,032	0	0	118,487	0	155,833	269,087
Landfill	195,564	5,320	5,320	1,487	0	0	15,000	0	185,884	197,051
Emergency Management	69,045	1,878	1,878	526	0	0	6,500	0	64,423	69,571
Aged Accommodation	433,738	11,800	11,799	3,301	0	0	0	0	445,538	437,039
Gravel Pit	177,789	4,836	4,836	1,352	0	0	0	0	182,625	179,141
Infrastructure	414,921	11,287	11,287	3,158	0	0	88,000	0	338,208	418,079
Strategic Initiatives	185,522	5,047	5,047	1,412	0	0	64,179	0	126,390	186,934
Youth	17,721	482	482	135	0	0	0	0	18,203	17,856
Trails	83,270	2,265	2,265	634	0	0	0	0	85,535	83,904
	2,609,969	71,000	70,999	19,859	93,000	0	399,866	0	2,374,103	2,629,828

		Opening Balance	Liability transferred from/(to) non current	Liability Increase	Liability Reduction	Closing Balance
Other current liabilities	Note	1 July 2025				31 August 2025
		\$		\$	\$	\$
Other liabilities						
- Contract liabilities		1,487,421	0	0	0	1,487,421
Total other liabilities		1,487,421	0	0	0	1,487,421
Employee Related Provisions						
Annual leave		223,516	0	0	0	223,516
Long service leave		131,663	0	0	0	131,663
Total Employee Related Provisions		355,179	0	0	0	355,179
Total other current assets		1,842,600	0	0	0	1,842,600
Amounts shown above include GST (where applicable)						

A breakdown of contract liabilities and associated movements is provided on the following pages at Note 12

KEY INFORMATION

Provisions

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

Employee Related Provisions

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the calculation of net current assets.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as employee related provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur. The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Contract liabilities

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Capital grant/contribution liabilities

Grants to acquire or construct recognisable non-financial assets to identified specifications be constructed to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

Provider	Unspent operating grant, subsidies and contributions liability				Operating grants, subsidies and contributions revenue					
	Liability 1 July 2025	Increase in Liability	Decrease in Liability (As revenue)	Liability 31 Aug 2025	Adopted Budget Revenue	YTD Budget	Annual Budget	Budget Amendments	Expected	YTD Revenue Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating grants and subsidies										
General purpose funding										
GEN PUR - Financial Assistance Grant - General	0	0	0	0	468,923	78,122	468,923	0	468,923	132,471
GEN PUR - Financial Assistance Grant - Roads	0	0	0	0	269,639	44,920	269,639	0	269,639	78,387
Law, order, public safety										
FIRE - Grants CESM Reimbursements	0	0	0	0	114,000	18,992	114,000	0	114,000	63,673
FIRE - Grants Fire Mitigation	0	0	0	0	127,346	21,214	127,346	0	127,346	0
OLOPS - Grants AWARE2526	0	0	0	0	19,500	3,248	19,500	0	19,500	0
ESL BFB - Operating Grant	0	0	0	0	180,385	30,052	180,385	0	180,385	45,096
ESL SES - Operating Grant	0	0	0	0	29,752	4,956	29,752	0	29,752	7,438
Education and welfare										
WELFARE - Grants	0	0	0	0	18,330	3,052	18,330	0	18,330	0
Community amenities										
COM AMEN - Other Income	6,328	0	0	6,328	0	0	0	0	0	273
Recreation and culture										
LIBRARY - Grant - Regional Library Services	0	0	0	0	0	0	0	0	0	2,500
LIBRARY - Other Grants	0	0	0	0	0	0	0	0	0	0
OTH CUL - Other Income	0	0	0	0	15,000	2,498	15,000	0	15,000	0
REC - Grants - Women on Wheels Project	500	0	0	500	550	90	550	0	550	0
HERITAGE - Oral Histories Project Grant	30	0	0	30	170	28	170	0	170	0
Transport										
ROADM - Direct Road Grant (MRWA)	0	0	0	0	181,205	30,188	181,205	0	181,205	174,739
Economic services										
TOUR - Grants SWDC Event Ready Business Case Funding	30,000	0	0	30,000	0	0	0	0	0	0
	36,858	0	0	36,858	1,424,800	237,360	1,424,800	0	1,424,800	504,577
Operating contributions										
Economic services										
OTH ECON - Contributions & Donations	0	0	0	0	100	16	100	0	100	0
	0	0	0	0	100	16	100	0	100	0
TOTALS	36,858	0	0	36,858	1,424,900	237,376	1,424,900	0	1,424,900	504,577

Capital grant/contribution liabilities					Non operating grants, subsidies and contributions revenue					
Provider	Liability 1 July 2025	Increase in Liability	Decrease in Liability (As revenue)	Liability 31 Aug 2025	Adopted Budget Revenue	YTD Budget	Annual Budget	Budget Variations	Expected	YTD Revenue Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-operating grants and subsidies										
Law, order, public safety										
ESL BFB - Capital Grant	0	0	0	0	38,847	6,470	38,847	0	38,847	0
ESL SES - Capital Grant	0	0	0	0	44,000	7,330	44,000	0	44,000	0
Education and welfare										
PRESCHOOL - Grant Funding	17,300	0	0	17,300	97,033	16,164	97,033	0	97,033	0
Recreation and culture										
HALLS - Grants	0	0	0	0	60,000	9,996	60,000	0	60,000	0
REC - Grants - SWDC	0	0	0	0	30,000	4,998	30,000	0	30,000	0
Transport										
ROADC - Regional Road Group Grants (MRWA)	0	0	0	0	300,000	49,980	300,000	0	300,000	120,000
ROADC - Roads to Recovery Grant	9,058	0	0	9,058	646,668	107,734	646,668	0	646,668	0
ROADC - Other Grants - Roads/Streets	270,940	0	0	270,940	796,831	132,752	796,831	0	796,831	0
ROADC - Other Grants - Footpaths & Cycleway	797,366	0	0	797,366	1,827,367	304,438	1,827,367	0	1,827,367	0
ROADC - Other Grants - Bridges	347,245	0	0	347,245	1,353,500	225,492	1,353,500	0	1,353,500	0
ROADM - Other Grants	8,654	0	0	8,654	0	0	0	0	0	0
	1,450,563	0	0	1,450,563	5,194,246	865,354	5,194,246	0	5,194,246	120,000

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025**

**NOTE 14
TRUST FUND**

Funds held at balance date which are required by legislation to be credited to the trust fund and which are not included in the financial statements are as follows:

Description	Opening Balance	Amount	Amount	Closing Balance
	1 July 2025	Received	Paid	31 Aug 2025
	\$	\$	\$	\$
Building Services Levy (BSL)	247	1,522	(1,262)	507
Construction Training Fund (CTF)	600	162	(600)	162
Councillor Nomination Fees	0	500	0	500
Department of Transport	0	52,939	(53,059)	(120)
Key, Facility & Equipment Bonds	9,712	0	(200)	9,512
Retention Bonds	42,692	0	0	42,692
Other Bonds	44,018	0	0	44,018
Unclaimed Monies	180	0	0	180
	97,449	55,123	(55,121)	97,451

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
				\$	\$	\$	\$
	Budget adoption	280825.11	Opening Surplus(Deficit)			0	926,151
				0	0	0	0

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 AUGUST 2025**

**NOTE 16
EXPLANATION OF MATERIAL VARIANCES**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2025-26 year is \$30,000 or 10.00% whichever is the greater.

Nature or type	Var. \$	Var. %	Timing / Permanent	Explanation of variances
	\$	%		
Operating grants, subsidies and contributions	267,200	113%	▲ Timing	
Fees and charges	(50,472)	(38%)	▼ Timing	
Employee costs	120,721	22%	▼ Timing	
Utility charges	3,280	18%	▼ Timing	
Depreciation on non-current assets	960,110	100%	▼ Timing	Depreciation to be updated post Annual Financial Audit of 2024/25 Financial year
Interest expenses	2,302	82%	▼ Timing	
Insurance expenses	(92,990)	(240%)	▲ Timing	
Other expenditure	(3,421)	(9%)	Timing	
Proceeds from non-operating grants, subsidies and contributions	(745,354)	(86%)	▼ Timing	
Payments for property, plant and equipment and infrastructure	312,755	85%	▼ Timing	
Transfer from reserves	(66,644)	(100%)	▼ Timing	
Payments for principal portion of lease liabilities	896	33%	▼ Timing	
Repayment of debentures	93,014	95%	▼ Timing	
Transfer to reserves	7,474	27%	▼ Timing	