

### SHIRE OF NANNUP

#### MONTHLY FINANCIAL REPORT (Containing the Statement of Financial Activity) For the period ending 31 July 2022

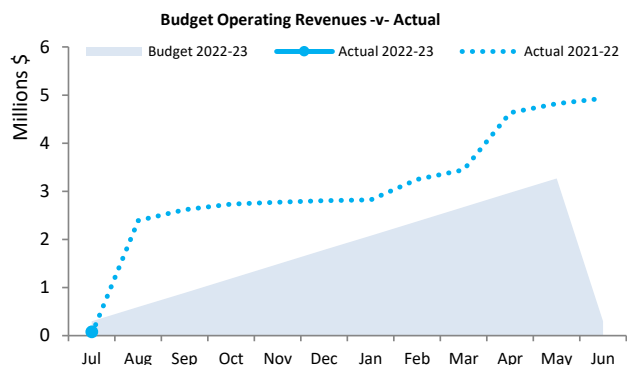
*LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

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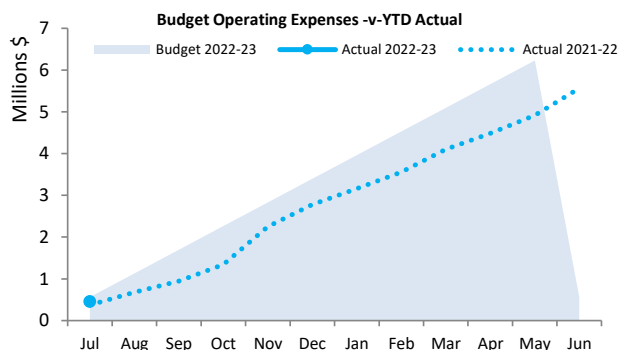
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OPERATING ACTIVITIES

OPERATING REVENUE

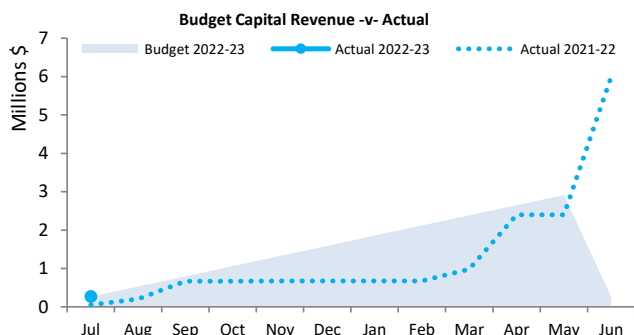


OPERATING EXPENSES

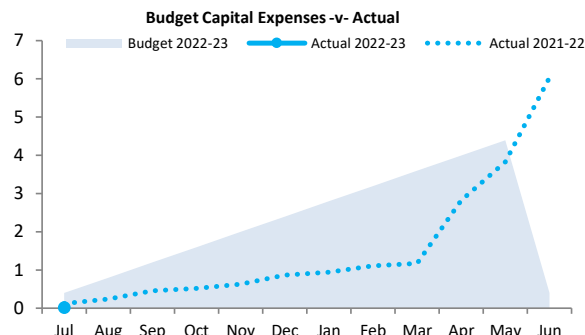


INVESTING ACTIVITIES

CAPITAL REVENUE



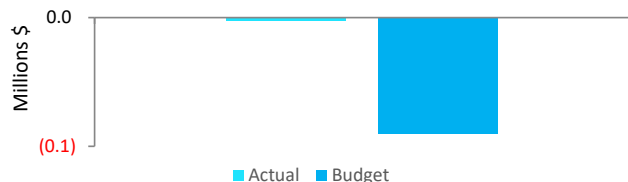
CAPITAL EXPENSES



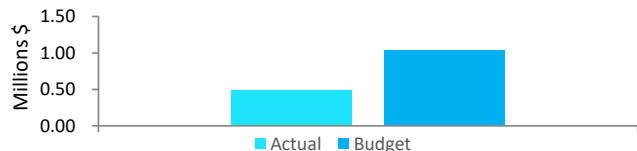
FINANCING ACTIVITIES

BORROWINGS

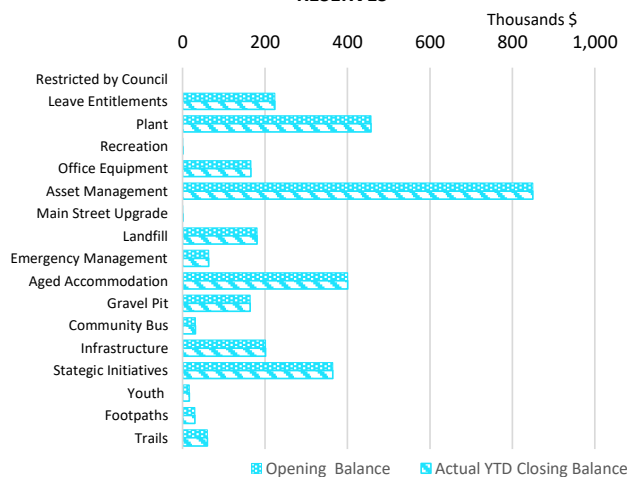
Principal Repayments



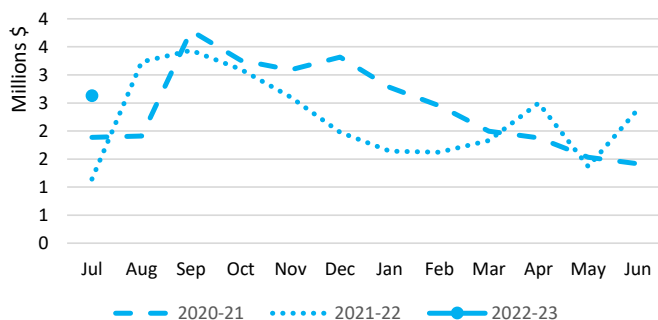
Principal Outstanding



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	\$2.39 M	\$2.39 M	\$2.75 M	\$0.37 M
Closing	\$0.02 M	\$2.12 M	\$2.63 M	\$0.51 M

Refer to Statement of Financial Activity

Cash and cash equivalents		
	\$5.39 M	% of total
Unrestricted Cash	\$2.18 M	40.5%
Restricted Cash	\$3.21 M	59.5%

Refer to Note 2 - Cash and Financial Assets

Payables	
	\$0.34 M
Trade Payables	\$0.17 M
0 to 30 Days	34.9%
Over 30 Days	65.2%
Over 90 Days	-4.5%

Refer to Note 5 - Payables

Receivables	
	\$0.78 M
Rates Receivable	\$0.15 M
Trade Receivable	\$0.78 M
Over 30 Days	3.3%
Over 90 Days	2.6%

Refer to Note 3 - Receivables

Key Operating Activities

Amount attributable to operating activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$1.82 M)	(\$0.13 M)	(\$0.38 M)	(\$0.25 M)

Refer to Statement of Financial Activity

Rates Revenue		
YTD Actual	\$0.00 M	% Variance
YTD Budget	\$0.16 M	(100.00%)

Refer to Statement of Financial Activity

Operating Grants and Contributions		
YTD Actual	\$0.05 M	% Variance
YTD Budget	\$0.07 M	(26.59%)

Refer to Note 12 - Operating Grants and Contributions

Fees and Charges		
YTD Actual	\$0.01 M	% Variance
YTD Budget	\$0.05 M	(80.42%)

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)
(\$1.67 M)	(\$0.13 M)	\$0.26 M	\$0.39 M

Refer to Statement of Financial Activity

Proceeds on sale		
YTD Actual	\$0.00 M	%
Adopted Budget	\$0.22 M	(100.00%)

Refer to Note 6 - Disposal of Assets

Asset Acquisition		
YTD Actual	\$0.01 M	% Spent
Adopted Budget	\$4.79 M	(99.7%)

Refer to Note 7 - Capital Acquisitions

Capital Grants		
YTD Actual	\$0.27 M	% Received
Adopted Budget	\$3.18 M	(91.43%)

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)
\$1.12 M	\$0.00 M	(\$0.00 M)	(\$0.00 M)

Refer to Statement of Financial Activity

Borrowings	
Principal repayments	\$0.00 M
Interest expense	\$0.00 M
Principal due	\$0.49 M

Refer to Note 8 - Borrowings

Reserves	
Reserves balance	\$3.21 M
Interest earned	\$0.00 M

Refer to Note 10 - Cash Reserves

Lease Liability	
Principal repayments	\$0.00 M
Interest expense	\$0.00 M
Principal due	\$0.03 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 JULY 2022**

**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 JULY 2022**

**BY NATURE OR TYPE**

	Ref	Adopted Budget	YTD Budget	YTD Actual	Variance \$	Variance %	Var.
	Note	(a)	(b)	(c)	(c) - (b)	((c) - (b))/(b)	
		\$	\$	\$	\$	%	
<b>Opening funding surplus / (deficit)</b>	1(c)	2,386,002	2,386,002	<b>2,752,351</b>	366,349	15.35%	▲
<b>Revenue from operating activities</b>							
Rates		1,974,413	164,534	<b>0</b>	(164,534)	(100.00%)	▼
Operating grants, subsidies and contributions	12	889,028	74,079	<b>54,384</b>	(19,695)	(26.59%)	
Fees and charges		565,101	47,084	<b>9,219</b>	(37,865)	(80.42%)	▼
Interest earnings		41,743	3,477	<b>901</b>	(2,576)	(74.09%)	
Other revenue		31,601	2,631	<b>9,920</b>	7,289	277.04%	
Profit on disposal of assets	6	61,499	5,122	<b>0</b>	(5,122)	(100.00%)	
		<b>3,563,385</b>	<b>296,927</b>	<b>74,424</b>	<b>(222,503)</b>	<b>(74.94%)</b>	
<b>Expenditure from operating activities</b>							
Employee costs		(2,463,211)	(205,223)	<b>(207,727)</b>	(2,504)	(1.22%)	
Materials and contracts		(2,352,019)	(195,914)	<b>(148,426)</b>	47,488	24.24%	▲
Utility charges		(50,500)	(4,206)	<b>0</b>	4,206	100.00%	
Depreciation on non-current assets		(1,476,440)	(123,029)	<b>0</b>	123,029	100.00%	▲
Interest expenses		(22,138)	(1,837)	<b>(476)</b>	1,361	74.09%	
Insurance expenses		(175,443)	(14,578)	<b>(99,208)</b>	(84,630)	(580.53%)	▼
Other expenditure		(254,917)	(21,234)	<b>(507)</b>	20,727	97.61%	
Loss on disposal of assets	6	(3,404)	(283)	<b>0</b>	283	100.00%	
		<b>(6,798,072)</b>	<b>(566,304)</b>	<b>(456,344)</b>	109,960	(19.42%)	
Non-cash amounts excluded from operating activities	1(a)	1,419,393	135,765	<b>0</b>	(135,765)	(100.00%)	▼
<b>Amount attributable to operating activities</b>		<b>(1,815,294)</b>	<b>(133,612)</b>	<b>(381,920)</b>	<b>(248,308)</b>	<b>185.84%</b>	
<b>Investing activities</b>							
Proceeds from non-operating grants, subsidies and contributions	13	3,180,240	265,009	<b>272,394</b>	7,385	2.79%	
Proceeds from disposal of assets	6	220,000	0	<b>0</b>	0	0.00%	
Proceeds from financial assets at amortised cost - self supporting loans	8	50,699	2,386	<b>2,386</b>	0	0.00%	
Payments for financial assets at amortised cost - self supporting loans	8	(330,000)	0	<b>0</b>	0	0.00%	
Payments for property, plant and equipment and infrastructure	7	(4,792,948)	(399,382)	<b>(14,487)</b>	384,895	96.37%	▲
<b>Amount attributable to investing activities</b>		<b>(1,672,009)</b>	<b>(131,987)</b>	<b>260,293</b>	392,280	(297.21%)	
<b>Financing Activities</b>							
Proceeds from new debentures	8	630,000	0	<b>0</b>	0	0.00%	
Transfer from reserves	10	715,000	0	<b>0</b>	0	0.00%	
Payments for principal portion of lease liabilities	9	(17,002)	0	<b>0</b>	0	0.00%	
Repayment of debentures	8	(90,558)	0	<b>(2,386)</b>	(2,386)	0.00%	
Transfer to reserves	10	(115,000)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to financing activities</b>		<b>1,122,440</b>	<b>0</b>	<b>(2,386)</b>	<b>(2,386)</b>	<b>0.00%</b>	
<b>Closing funding surplus / (deficit)</b>	1(c)	<b>21,139</b>	<b>2,120,403</b>	<b>2,628,338</b>	507,935	(23.95%)	▲

**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 20 November 2022

(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	YTD Budget (a)	YTD Actual (b)
<b>Non-cash items excluded from operating activities</b>		\$	\$	\$
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	6	(61,499)	(5,122)	0
Movement in employee benefit provisions (non-current)		1,048	17,575	0
Add: Loss on asset disposals	6	3,404	283	0
Add: Depreciation on assets		1,476,440	123,029	0
<b>Total non-cash items excluded from operating activities</b>		<b>1,419,393</b>	<b>135,765</b>	<b>0</b>

(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	Last Year	Year to Date
		Opening 30 June 2022	Closing 30 June 2022	31 July 2022
<b>Adjustments to net current assets</b>				
Less: Reserves - restricted cash	10	(3,209,514)	(3,209,514)	(3,209,514)
Less: - Financial assets at amortised cost - self supporting loans	4	(29,011)	(29,012)	(26,626)
Add: Borrowings	8	64,860	64,860	62,474
Add: Provisions employee related provisions	11	224,228	224,228	224,228
Add: Lease liabilities	9	17,002	17,002	17,002
<b>Total adjustments to net current assets</b>		<b>(2,932,435)</b>	<b>(2,932,436)</b>	<b>(2,932,436)</b>

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

**Current assets**

Cash and cash equivalents	2	5,934,678	6,281,310	5,391,019
Rates receivables	3	162,417	162,417	152,602
Receivables	3	118,327	63,656	777,929
Other current assets	4	831,390	832,652	104,617

**Less: Current liabilities**

Payables	5	(1,221,233)	(1,124,904)	(337,435)
Borrowings	8	(64,860)	(64,860)	(62,474)
Lease liabilities	9	(17,002)	(17,002)	(17,002)
Provisions	11	(425,280)	(448,482)	(448,482)

<b>Less: Total adjustments to net current assets</b>	1(b)	<b>(2,932,435)</b>	<b>(2,932,436)</b>	<b>(2,932,436)</b>
<b>Closing funding surplus / (deficit)</b>		<b>2,386,002</b>	<b>2,752,351</b>	<b>2,628,338</b>

**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 Council's operational cycle.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE PERIOD ENDED 31 JULY 2022**

**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	2,124,320	0	2,124,320	0	CBA	0.35%	on call
Reserve Cash at Bank	Cash and cash equivalents	57,185	3,209,514	3,266,699	0	Westpac	0.25%	11/03/2023
<b>Total</b>		<b>2,181,505</b>	<b>3,209,514</b>	<b>5,391,019</b>	<b>0</b>			
<b>Comprising</b>								
Cash and cash equivalents		2,181,505	3,209,514	5,391,019	0			
		<b>2,181,505</b>	<b>3,209,514</b>	<b>5,391,019</b>	<b>0</b>			

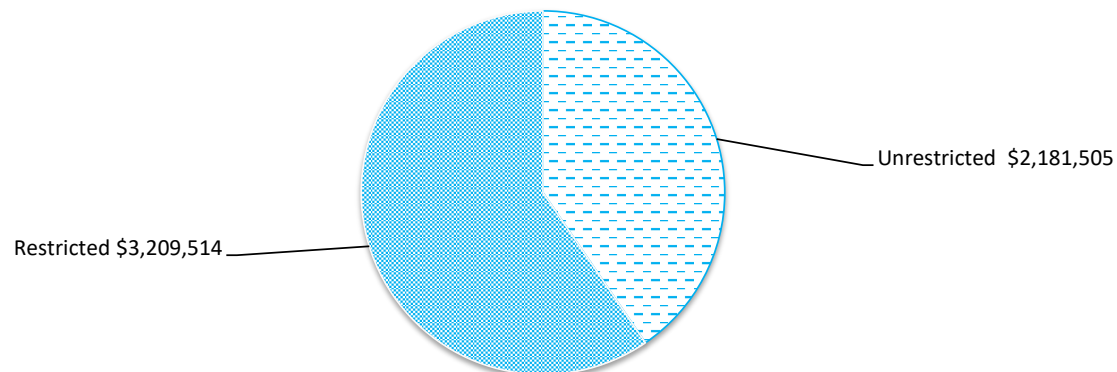
**KEY INFORMATION**

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:

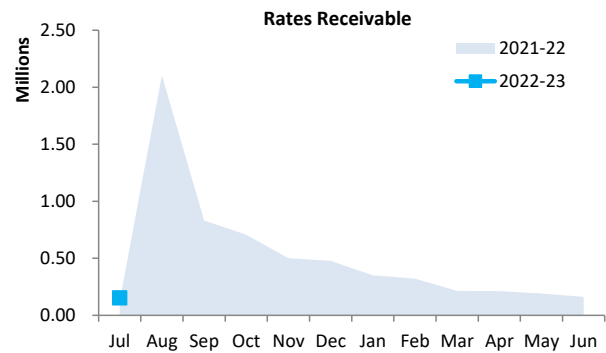
- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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.





Rates receivable	30 Jun 2022	31 Jul 2022
	\$	\$
Opening arrears previous years	144,096	162,417
Levied this year	1,868,737	0
Less - collections to date	(1,850,416)	(9,815)
Gross rates collectable	162,417	152,602
Net rates collectable	162,417	152,602
% Collected	91.9%	6%



Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	(4,138)	756,620	4,714	607	20,126	777,929
Percentage	(0.50%)	97.3%	0.6%	0.1%	2.6%	
<b>Balance per trial balance</b>						
Sundry receivable						777,929
GST receivable						0
<b>Total receivables general outstanding</b>						<b>777,929</b>

Amounts shown above include GST (where applicable)

#### KEY INFORMATION

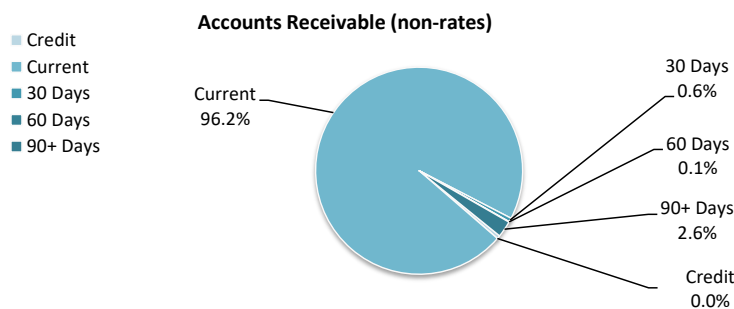
Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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 2022	Asset Increase	Asset Reduction	Closing Balance 31 July 2022
Other current assets	\$	\$	\$	\$
<b>Other financial assets at amortised cost</b>				
Financial assets at amortised cost - self supporting loans	29,012	0	(2,386)	26,626
<b>Inventory</b>				
Fuel	4,164	0	0	4,164
Accrued income	1,261	0	0	1,261
<b>Contract assets</b>				
Contract assets	798,215	0	(725,649)	72,566
<b>Total other current assets</b>	<b>832,652</b>	<b>0</b>	<b>(728,035)</b>	<b>104,617</b>
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.

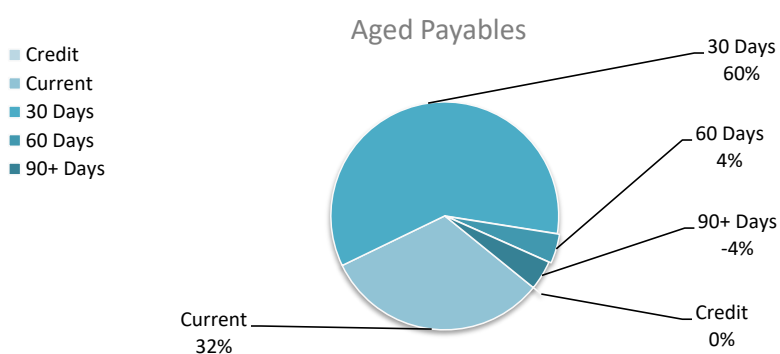
##### Contract assets

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.

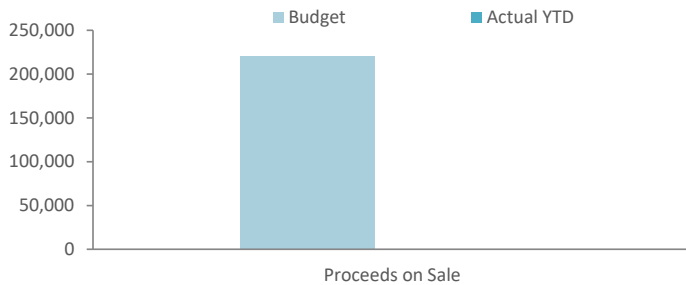
Payables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - general	0	65,555	122,224	8,546	(8,540)	187,785
Percentage	0%	34.9%	65.1%	4.6%	-4.5%	
<b>Balance per trial balance</b>						
Sundry creditors						174,123
Accrued salaries and wages						35,122
ATO liabilities						96,400
Bonds & Deposits						(11,427)
Rates in Advance						27,899
Other payables						15,318
<b>Total payables general outstanding</b>						<b>337,435</b>
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	Proceeds	Profit	(Loss)	Net Book	Proceeds	Profit	(Loss)
		Value				Value			
		\$	\$	\$	\$	\$	\$	\$	\$
	<b>Plant and equipment</b>								
	<b>Recreation and culture</b>								
	John Deere Mower	7,200	5,000	0	(2,200)	0	0	0	0
	John Deere Mower	6,445	30,000	23,555	0	0	0	0	0
	<b>Transport</b>								
	Hino Crew Cab	20,179	30,000	9,821	0	0	0	0	0
	Toyota Hilux	32,946	40,000	7,054	0	0	0	0	0
	Tri-axle Low Loader	832	15,000	14,168	0	0	0	0	0
	<b>Other property and services</b>								
	Toyota Prado	66,204	65,000	0	(1,204)	0	0	0	0
	Toyota Prado	28,099	35,000	6,901	0	0	0	0	0
		<b>161,905</b>	<b>220,000</b>	<b>61,499</b>	<b>(3,404)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Capital acquisitions	Budget	Adopted YTD Budget	YTD Actual	Forecast 30 June Closing	YTD Actual Variance
	\$	\$	\$		\$
Buildings	395,510	32,956	0	362,554	(32,956)
Furniture and equipment	355,000	29,583	235	325,652	(29,348)
Plant and equipment	498,944	41,575	0	457,369	(41,575)
Infrastructure - roads	1,529,000	127,404	4,887	1,406,483	(122,517)
Infrastructure - footpaths & cyclepaths	1,146,494	95,537	5,455	1,056,412	(90,082)
Infrastructure - drainage	130,000	10,832	0	119,168	(10,832)
Infrastructure - bridges	605,000	50,413	0	554,587	(50,413)
Infrastructure - parks & ovals	123,000	10,249	3,910	116,661	(6,339)
Infrastructure - other	10,000	833	0	9,167	(833)
<b>Payments for Capital Acquisitions</b>	<b>4,792,948</b>	<b>399,382</b>	<b>14,487</b>	<b>4,408,053</b>	<b>(384,895)</b>
<b>Capital Acquisitions Funded By:</b>					
	\$	\$	\$		\$
Capital grants and contributions	3,180,240	265,009	272,394	3,187,625	7,385
Borrowings	630,000	0	0	630,000	0
Other (disposals & C/Fwd)	220,000	0	0	220,000	0
Cash backed reserves					
Plant	(290,000)		0	(290,000)	0
Asset Management	(375,000)		0	(375,000)	0
Strategic Initiatives	(50,000)		0	(50,000)	0
Contribution - operations	1,477,708	134,373	(257,907)	1,085,428	(392,280)
<b>Capital funding total</b>	<b>4,792,948</b>	<b>399,382</b>	<b>14,487</b>	<b>4,408,053</b>	<b>(384,895)</b>

#### 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

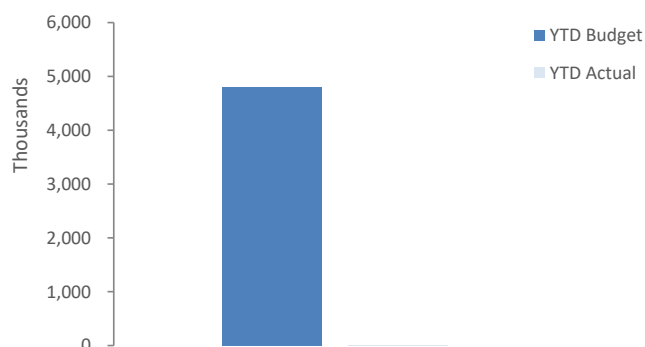
Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognise at fair value. Assets held at cost are depreciated and assessed for impairment annually.

##### 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



INVESTING ACTIVITIES  
NOTE 7  
CAPITAL ACQUISITIONS (CONTINUED)

Account Description		Adopted		Variance (Under)/Over
		Budget	YTD Budget	YTD Actual
		\$	\$	\$
<b>Buildings</b>				
4050114	FIRE - Buildings Non Specialised (Capital)	205,510	17,125	0
BC5101	Ses Fire Shed - Building (Capital)	0	0	0
BC9101	House (Lot 234) 30 Dunnett Road - Building (Capital)	15,000	1,250	0
BC10101	Waste Management Facility - Building (Capital)	10,000	833	0
BC11303	Recreation Centre Nannup - Building (Capital)	25,000	2,083	0
BC11308	Bowling Club Nannup - Building (Capital)	50,000	4,166	0
BC11601	Old Road Board Office (1898?) - Building (Capital)	45,000	3,750	0
4120114	ROADC - Buildings Non Specialised (Capital)	20,000	1,666	0
4140214	ADMIN - Buildings Non Specialised (Capital)	25,000	2,083	0
	<b>Total Buildings</b>	<b>395,510</b>	<b>32,956</b>	<b>0</b>
<b>Furniture &amp; Equipment</b>				
4140220	ADMIN - Furniture & Equipment (Capital)	355,000	29,583	235
	<b>Total Furniture &amp; Equipment</b>	<b>355,000</b>	<b>29,583</b>	<b>235</b>
<b>Plant &amp; Equipment</b>				
4050530	ESL BFB - Plant & Equipment (Capital)	13,944	1,162	0
4100130	SAN - Plant & Equipment (Capital)	70,000	5,833	0
4110830	REC CENTRE - Plant & Equipment (Capital)	30,000	2,499	0
4120330	PLANT - Plant & Equipment (Capital)	240,000	19,999	0
4140230	ADMIN - Plant & Equipment (Capital)	145,000	12,082	0
	<b>Total Plant &amp; Equipment</b>	<b>498,944</b>	<b>41,575</b>	<b>0</b>
<b>Roads</b>				
RC032	Grange Road (Capital)	443,000	36,915	0
RC042	Jephson Street (Sealed) (Capital)	180,000	14,998	0
RC307	Centenary Drive (Capital)	58,000	4,831	0
RC022	Stacey Road (Capital)	0	0	0
RC109	Bridgetown - Nannup Road (Capital)	100,000	8,332	0
RC045	Jalbarragup Road (Capital)	0	0	0
R2R022	Stacey Road (R2R)	313,000	26,082	0
4120149	ROADC - Roads Outside BUA - Sealed - Regional Road Grc	0	0	4,887
RRG094	Cundinup South Road (Rrg)	105,000	8,750	0
RRG109	Bridgetown - Nannup Road (Rrg)	90,000	7,500	0
RRG007	Governor Broome Road (Rrg)	120,000	9,998	0
RRG069	Fouracres Road (Rrg)	120,000	9,998	0
	<b>Total Roads</b>	<b>1,529,000</b>	<b>127,404</b>	<b>4,887</b>
<b>Drainage</b>				
DC039	Brockman Street - Drainage Capital	130,000	10,832	0
	<b>Total Drainage</b>	<b>130,000</b>	<b>10,832</b>	<b>0</b>
<b>Bridges</b>				
BR000	Bridge Construction General (Budgeting Only)	101,500	8,456	0
BR3950	Cundinup West Rd - Bridge (Capital)	440,000	36,666	0
BR4643A	Brushtail Rd (F) - Bridge (Capital)	63,500	5,291	0
	<b>Total Bridges</b>	<b>605,000</b>	<b>50,413</b>	<b>0</b>
<b>Footpaths &amp; Cyclepaths</b>				
4120170	ROADC - Footpaths & Cycleways (Capital)	0	0	5,299
FC000	Footpath Construction General (Budgeting Only)	20,000	1,666	0
OC12111	Trail Town - Stage 1	541,130	45,093	156
OC12112	Trail Town - Stage 2	316,653	26,386	0
OC12113	Trail Town - Stage 3	268,711	22,392	0
OC12114	Trail Town - Stage 4	0	0	0
	<b>Total Footpaths &amp; Cyclepaths</b>	<b>1,146,494</b>	<b>95,537</b>	<b>5,455</b>
<b>Parks &amp; Gardens</b>				
4110370	REC - Infrastructure Parks & Gardens (Capital)	0	0	3,910
PC11323	Marinko Tomas Memorial Park & Play Ground	73,000	6,083	0
PC11327	Marinko Tomas Bicycle Pump Truck	50,000	4,166	0
	<b>Total Parks &amp; Gardens</b>	<b>123,000</b>	<b>10,249</b>	<b>3,910</b>
<b>Other Infrastructure</b>				
4100290	SAN OTH - Infrastructure Other (Capital)	10,000	833	0
	<b>Total Other Infrastructure</b>	<b>10,000</b>	<b>833</b>	<b>0</b>
	<b>TOTAL PPE &amp; INFRASTRUCTURE</b>	<b>4,792,948</b>	<b>399,382</b>	<b>14,487</b>

Repayments - borrowings

Information on borrowings		New Loans		Principal Repayments		Principal Outstanding		Interest Repayments	
		Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Particulars	Loan No. 1 July 2022	\$	\$	\$	\$	\$	\$	\$	\$
<b>Community amenities</b>									
Waste Facility Machine	40	299,613	0	0	(35,851)	299,613	263,762	0	(3,604)
<b>Other property and services</b>									
Enterprise Resource Training (ERP) System	42	0	300,000	0	(12,229)	0	287,771	0	(6,290)
		299,613	300,000	0	(48,080)	299,613	551,533	0	(9,894)
<b>Self supporting loans</b>									
<b>Community amenities</b>									
Nannup Music Club		193,088	0	(2,386)	(29,027)	190,702	164,061	(476)	(5,324)
Nannup Music Club		0	330,000	0	(13,451)	0	316,549	0	(6,919)
		193,088	330,000	(2,386)	(42,478)	190,702	480,610	(476)	(12,243)
<b>Total</b>		492,701	630,000	(2,386)	(90,558)	490,315	1,032,143	(476)	(22,137)
Current borrowings		90,558				62,474			
Non-current borrowings		402,143				427,841			
		492,701				490,315			

All debenture repayments were financed by general purpose revenue.  
Self supporting loans are financed by repayments from third parties.

New borrowings 2022-23

Particulars	Amount Borrowed	Amount Borrowed	Institution	Type	Years	Total Interest & Charges	Interest Rate	Amount (Used)	Balance Unspent
	Actual	Budget				\$	%	Actual	Budget
Enterprise Resource Training (ERP) System	0	300,000	WATC	Fixed	10	70,375	4.19%	0	(300,000)
Nannup Music Club	0	330,000	WATC	Fixed	10	77,413	4.19%	0	(330,000)
	0	630,000				147,788		0	(630,000)

The Shire has no unspent debenture funds as at 30th June 2022, nor is it expected to have unspent funds as at 30th June 2023.

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 JULY 2022**

**FINANCING ACTIVITIES**

**NOTE 9**

**LEASE LIABILITIES**

**Movement in carrying amounts**

Information on leases			New Leases		Principal Repayments		Principal Outstanding		Interest Repayments	
Particulars	Lease No.	1 July 2022	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>										
CESM Vehicle	979823	29,754	0	0	0	(17,002)	29,754	12,752	0	(3,604)
<b>Total</b>		29,754	0	0	0	(17,002)	29,754	12,752	0	(3,604)
Current lease liabilities		17,002					17,002			
Non-current lease liabilities		12,752					12,752			
		29,754					29,754			

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 JULY 2022

OPERATING ACTIVITIES

NOTE 10

RESERVE ACCOUNTS

Reserve accounts

Reserve name	Opening Balance	Budget Interest Earned	Actual Interest Earned	Budget Transfers In (+)	Actual Transfers In (+)	Budget Transfers Out (-)	Actual Transfers Out (-)	Budget Closing Balance	Actual YTD Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by Council</b>									
Leave Entitlements	224,228	1,048	0	0	0	0	0	225,276	224,228
Plant	456,981	2,136	0	50,000	0	(290,000)	0	219,117	456,981
Recreation	578	3	0	0	0	0	0	581	578
Office Equipment	166,115	776	0	0	0	0	0	166,891	166,115
Asset Management	849,381	3,968	0	0	0	(375,000)	0	478,349	849,381
Main Street Upgrade	60	0	0	0	0	0	0	60	60
Landfill	180,586	844	0	0	0	0	0	181,430	180,586
Emergency Management	63,742	298	0	0	0	0	0	64,040	63,742
Aged Accommodation	400,423	1,871	0	0	0	0	0	402,294	400,423
Gravel Pit	164,084	767	0	0	0	0	0	164,851	164,084
Community Bus	30,930	145	0	0	0	0	0	31,075	30,930
Infrastructure	201,279	941	0	0	0	0	0	202,220	201,279
Strategic Initiatives	364,367	1,703	0	0	0	(50,000)	0	316,070	364,367
Youth	16,370	77	0	0	0	0	0	16,447	16,370
Footpaths	30,112	141	0	0	0	0	0	30,253	30,112
Trails	60,278	282	0	50,000	0	0	0	110,560	60,278
	<b>3,209,514</b>	<b>15,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>(715,000)</b>	<b>0</b>	<b>2,609,514</b>	<b>3,209,514</b>

	Note	Opening Balance 1 July 2022	Liability transferred from/(to) non current	Liability Increase	Liability Reduction	Closing Balance 31 July 2022
<b>Other current liabilities</b>		\$		\$	\$	\$
<b>Employee Related Provisions</b>						
Annual leave		243,375	0	0	0	243,375
Long service leave		205,107	0	0	0	205,107
<b>Total Employee Related Provisions</b>		448,482	0	0	0	448,482
<b>Total other current assets</b>		448,482	0	0	0	448,482
Amounts shown above include GST (where applicable)						

## 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.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2022

NOTE 12  
OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Provider	Unspent operating grant, subsidies and contributions liability				Operating grants, subsidies and contributions revenue		
	Liability	Increase in Liability	Decrease in Liability	Liability	Adopted Budget Revenue	YTD Budget	YTD Revenue
	1 July 2022	(As revenue)		31 Jul 2022			
	\$	\$	\$	\$	\$	\$	\$
<b>Operating grants and subsidies</b>							
<b>General purpose funding</b>							
GEN PUR - Financial Assistance Grant - General	0	0	0	0	319,535	26,627	0
GEN PUR - Financial Assistance Grant - Roads	0	0	0	0	120,885	10,073	0
GEN PUR - Other Income	0	0	0	0	0	0	64
<b>Law, order, public safety</b>							
FIRE - Grants	0	0	0	0	105,000	8,750	0
ESL BFB - Operating Grant	0	0	0	0	188,186	15,682	49,320
ESL SES - Admin Fee/Commission	0	0	0	0	4,000	333	0
ESL SES - Operating Grant	0	0	0	0	24,945	2,078	0
<b>Education and welfare</b>							
WELFARE - Contributions & Donations	0	0	0	0	7,727	643	0
WELFARE - Contributions & Donations	0	0	0	0	0	0	0
WELFARE - Grants	0	0	0	0	33,000	2,749	5,000
WELFARE - Grants	0	0	0	0	0	0	0
<b>Community amenities</b>							
PLAN - Contributions & Donations	0	0	0	0	51,750	4,312	0
<b>Recreation and culture</b>							
LIBRARY - Grant - Regional Library Services	0	0	0	0	10,000	833	0
OTH CUL - Other Income	0	0	0	0	20,000	1,666	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>885,028</b>	<b>73,746</b>	<b>54,384</b>
<b>Operating contributions</b>							
<b>Economic services</b>							
OTH ECON - Contributions & Donations	0	0	0	0	3,000	250	0
OTH ECON - Grants	0	0	0	0	1,000	83	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>333</b>	<b>0</b>
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>889,028</b>	<b>74,079</b>	<b>54,384</b>

Provider	Capital grant/contribution liabilities				Non operating grants, subsidies and contributions revenue		
	Liability	Increase in Liability	Decrease in Liability	Liability	Adopted Budget Revenue	YTD Budget	YTD Revenue
	1 July 2022		(As revenue)	31 Jul 2022			Actual
	\$	\$	\$	\$	\$	\$	\$
<b>Non-operating grants and subsidies</b>							
<b>Law, order, public safety</b>							
ESL BFB - Capital Grant	0	0	0	0	163,944	13,662	0
ESL SES - Capital Grant	0	0	0	0	55,510	4,625	0
<b>Recreation and culture</b>							
REC - Grants	0	0	0	0	5,000	416	0
REC - Grants	0	0	0	0	98,000	8,166	0
HERITAGE - Grants	0	0	0	0	45,000	3,750	0
<b>Transport</b>							
ROADC - Regional Road Group Grants (MRWA)	0	0	0	0	290,000	24,165	250,394
ROADC - Roads to Recovery Grant	0	0	0	0	306,800	25,566	0
ROADC - Other Grants - Roads/Streets	0	0	0	0	0	0	22,000
ROADC - Other Grants - Roads/Streets	0	0	0	0	1,137,415	94,783	0
ROADC - Other Grants - Footpaths & Cycleway	0	0	0	0	758,571	63,210	0
ROADC - Other Grants - Bridges	0	0	0	0	320,000	26,666	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,180,240</b>	<b>265,009</b>	<b>272,394</b>

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2022**

**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 1 July 2022	Amount Received	Amount Paid	Closing Balance 31 Jul 2022
	\$	\$	\$	\$
Building Services Levy (BSL)	6,474	1,171	(7,242)	403
Construction Training Fund (CTF)	176	861	(137)	900
Department of Transport	5,686	0	(5,886)	(200)
Key, Facility & Equipment Bonds	0	0	0	0
Other Bonds	20,358	0	0	20,358
	<b>32,694</b>	<b>2,032</b>	<b>(13,265)</b>	<b>21,461</b>

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		Opening Surplus(Deficit)				21,139
	Nil						
				0	0	0	0

## NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY FOR THE PERIOD ENDED 31 JULY 2022

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 2022-23 year is \$30,000 or 10.00% whichever is the greater.

Nature or type	Var. \$	Var. %		Timing / Permanent	Explanation of variances
	\$	%			
<b>Opening funding surplus / (deficit)</b>	366,349	15%	▲	Timing	Closing position dependant on finalisation of 2021/22 financials
<b>Revenue from operating activities</b>					
Rates	(164,534)	(100%)	▼	Timing	Budget adopted October and rates billing processed in November
Operating grants, subsidies and contributions	(19,695)	(27%)		Timing	Financial Assistance Grants
Fees and charges	(37,865)	(80%)	▼	Timing	Most predominately relating to rubbish collection
Interest earnings	(2,576)	(74%)			Not Material
Other revenue	7,289	277%			Not Material
Profit on disposal of assets	(5,122)	(100%)			Not Material
<b>Expenditure from operating activities</b>					
Employee costs	(2,504)	(1%)			Not Material
Materials and contracts	47,488	24%	▲	Timing	Expenditure relating mostly to road maintenance, tourism & area promotion and general administration
Utility charges	4,206	100%			Not Material
Depreciation on non-current assets	123,029	100%	▲	Timing	New valuations to be processed before depreciation is run
Interest expenses	1,361	74%			Not Material
Insurance expenses	(84,630)	(581%)	▼	Timing	Insurance premiums paid in 2 instalments at beginning of year
Other expenditure	20,727	98%			Not Material
Loss on disposal of assets	283	100%			Not Material
Non-cash amounts excluded from operating activities	(135,765)	(100%)	▼	Timing	Depreciation still to be processed for 2022/23 financial year
<b>Investing activities</b>					
Proceeds from non-operating grants, subsidies and contributions	7,385	3%			Not Material
Proceeds from disposal of assets	0	0%			Not Material
Payments for financial assets at amortised cost - self supporting loans	0	0%			Not Material
Payments for property, plant and equipment and infrastructure	384,895	96%	▲	Timing	Road Replacement Program and other significant capital projects
<b>Financing activities</b>					
Proceeds from new debentures	0	0%			Not Material
Transfer from reserves	0	0%			Not Material
Payments for principal portion of lease liabilities	0	0%			Not Material
Repayment of debentures	(2,386)	0%			Not Material
Transfer to reserves	0	0%			Not Material
<b>Closing funding surplus / (deficit)</b>	507,935	(24%)	▲	Timing	As per the above explanations