

CITY OF JOONDALUP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

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FOR THE YEAR ENDED 30 JUNE 2007

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INDEPENDENT AUDITOR'S REPORT

TO THE RATEPAYERS OF THE CITY OF JOONDALUP

Report on the Financial Report

We have audited the accompanying financial report of the City of Joondalup, which comprises the balance sheet as at 30 June 2007, and the income statement, statements of changes in equity, and cash flow statement for the year ended 30 June 2007, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Councils' responsibility for the financial report.

The Council of the City of Joondalup is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City of Joondalup's financial position and of their performance.

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

Independence

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

Auditor's opinion on the financial report

In our opinion, the financial report of the City of Joondalup:

- (i) gives a true and fair view of the City of Joondalup's financial position as at 30 June 2007 and of their performance for the financial year ended 30 June 2007, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.



GRANT THORNTON (WA) PARTNERSHIP



**M J HILLGROVE
PARTNER
PERTH**

Date: 9 October 2007

CITY OF JOONDALUP

**FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Joondalup being the annual financial report, supporting notes and other information for the financial year ended 30th June 2007 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30th June 2007 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under the Act.

Signed on the 9th day of October 2007


Garry Hunt
Chief Executive Officer

**CITY OF JOONDALUP
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007
(BY PROGRAMME)**

	Note	Actual 2007 \$	Adopted Budget 2007 \$	Actual 2006 \$
Revenue				
General Purpose Funding		60,018,505	57,316,759	55,631,374
Governance		373,770	71,721	1,840
Law, Order, Public Safety		432,254	344,889	564,910
Health		252,178	277,229	238,791
Education and Welfare		2,095,378	460,586	270,565
Community Amenities		11,449,220	10,514,419	9,753,342
Recreation and Culture		6,007,700	4,557,052	3,081,434
Transport		412,907	372,424	445,391
Economic Services		2,087,487	1,743,149	1,174,041
Other Property and Services		126,710	133,478	394,000
Total Operating Revenue	2b	83,256,109	75,791,706	71,555,688
Expenses				
General Purpose Funding		865,240	1,445,645	262,343
Governance		5,288,505	5,580,964	1,645,021
Law, Order, Public Safety		3,752,034	3,803,686	3,824,848
Health		2,065,243	2,208,087	1,315,080
Education and Welfare		3,467,336	3,838,511	1,862,133
Community Amenities		13,431,578	12,987,219	11,975,467
Recreation and Culture		28,664,956	28,756,607	23,534,773
Transport		18,098,487	18,864,803	20,451,379
Economic Services		3,015,793	3,159,636	1,051,902
Other Property and Services		1,161,272	873,746	7,309,163
Total Operating Expenses	2b	79,810,444	81,518,904	73,232,109
Capital Grants and Contributions				
General Purpose Funding		-	-	4,995,306
Recreation and Culture		450,000	1,450,000	10,273
Transport		10,342,971	10,472,444	10,552,640
Economic Services		-	700,000	-
Total Capital Grants and Contributions		10,792,971	12,622,444	15,558,219
Change In Net Assets Resulting from Operations	2b	14,238,636	6,895,246	13,881,798

Notes to the Financial Statements are included on pages 6 to 41.

**CITY OF JOONDALUP
BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	Actual 2007 \$	Actual 2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	14	52,038,909	48,560,656
Trade and other Receivables	6	1,587,970	1,862,647
TOTAL CURRENT ASSETS		<u>53,626,879</u>	<u>50,423,303</u>
NON CURRENT ASSETS			
Trade and other Receivables	6	2,285,494	1,119,229
Equity Investments	7	3,007,477	303,904
Property, Plant & Equipment	8	539,181,422	506,519,172
TOTAL NON CURRENT ASSETS		<u>544,474,393</u>	<u>507,942,305</u>
TOTAL ASSETS		<u>598,101,272</u>	<u>558,365,608</u>
CURRENT LIABILITIES			
Trade and other Payables	9	8,499,764	7,930,986
Provisions	9	5,832,385	5,922,443
Borrowings	26	328,483	310,025
TOTAL CURRENT LIABILITIES		<u>14,660,632</u>	<u>14,163,454</u>
NON CURRENT LIABILITIES			
Borrowings	26	3,032,999	3,361,482
Provisions	9	630,926	918,307
TOTAL NON CURRENT LIABILITIES		<u>3,663,925</u>	<u>4,279,789</u>
TOTAL LIABILITIES		<u>18,324,557</u>	<u>18,443,243</u>
NET ASSETS		<u>579,776,715</u>	<u>539,922,365</u>
EQUITY			
Retained Earnings		522,793,508	515,638,588
Reserves	10	31,367,493	24,283,777
Asset Revaluation Reserve	28	25,615,714	-
TOTAL EQUITY		<u>579,776,715</u>	<u>539,922,365</u>

Notes to the Financial Statements are included on pages 6 to 41.

**CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Actual 2007 \$	Actual 2006 \$
RETAINED EARNINGS			
Balance at Beginning of Financial Year		515,638,588	503,979,813
Change in Net Assets Resulting from Operations	2b	14,238,636	13,881,798
Net transfers from/(to) Reserves		<u>(7,083,716)</u>	<u>(2,223,023)</u>
Balance at End of Financial Year		522,793,508	515,638,588
RESERVES			
Balance at Beginning of Financial Year		24,283,777	22,060,754
Net amount transferred from Retained Earnings		7,083,716	2,223,023
Total Restricted Reserves	10	<u>31,367,493</u>	<u>24,283,777</u>
Assets Revaluation Reserve		<u>25,615,714</u>	<u>-</u>
Balance at End of Financial Year		56,983,207	24,283,777
TOTAL EQUITY		<u>579,776,715</u>	<u>539,922,365</u>

Notes to the Financial Statements are included on pages 6 to 41.

**CITY OF JOONDALUP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Actual 2007 \$	Adopted Budget 2007 \$	Actual 2006 \$
Cash Flows from Operating Activities				
Receipts:				
Rates – General		52,530,779	49,131,509	49,592,555
Rates – Specified Area Rate		135,208	132,317	121,350
Government Grants & Subsidies		8,396,405	3,381,472	4,730,458
Contributions,Reimbursements,Donations		1,106,635	824,951	5,426,825
Fees & Charges		18,864,755	17,726,204	14,443,653
Interest Earned		4,401,845	2,160,000	3,451,631
Revenue from Other Councils		184,540	131,000	181,242
		<u>85,620,167</u>	<u>73,487,453</u>	<u>77,947,714</u>
Payments:				
Employee Costs		(30,371,055)	(31,561,114)	(27,083,379)
Materials, Contracts, Suppliers		(28,210,290)	(30,476,419)	(24,933,230)
Utilities (gas, electricity, water)		(3,100,145)	(3,329,213)	(3,040,006)
Insurance Expenses		(964,460)	(988,770)	(932,952)
Interest Expense		(208,351)	(205,717)	(188,101)
Other Expenses		(64,030)	(55,000)	(53,978)
		<u>(62,918,331)</u>	<u>(66,616,233)</u>	<u>(56,231,646)</u>
Net Cash Provided by Operating Activities	16	<u>22,701,836</u>	<u>6,871,220</u>	<u>21,716,068</u>
Cash Flows from Investing Activities				
Receipts :				
Proceeds from Sale of Property,Plant &		3,791,308	1,282,600	635,329
Payments :				
Purchase of Land		(2,367,853)	(3,235,500)	-
Purchase of Furniture and Equipment		(4,516,161)	(2,120,940)	(501,075)
Purchase of Vehicles and Plant		(1,627,674)	(2,904,840)	(1,846,190)
Construction of Infrastructure Assets		(9,643,449)	(23,465,804)	(15,937,206)
Capital Investment Tamala Park		(2,703,573)	-	-
		<u>(17,067,402)</u>	<u>(30,444,484)</u>	<u>(17,649,142)</u>
Net Cash used in Investing Activities		<u>(17,067,402)</u>	<u>(30,444,484)</u>	<u>(17,649,142)</u>
Cash Flows From Government				
Government Grants & Subsidies		-	6,597,444	3,249,710
Net Cash from Government		<u>0</u>	<u>6,597,444</u>	<u>3,249,710</u>
Cash flows from Financing Activities				
Repayment of Borrowings	26	(310,025)	(310,025)	(228,493)
Transfer to the Trust Fund		(646,156)	-	-
Contb'n Re Upgrade Material Recovery Facility		(1,200,000)	-	-
Proceeds from Borrowings		-	-	900,000
		<u>(2,156,181)</u>	<u>(310,025)</u>	<u>671,507</u>
Net Cash provided from Financing		<u>(2,156,181)</u>	<u>(310,025)</u>	<u>671,507</u>
Net Increase (Decrease) in cash		<u>3,478,253</u>	<u>(17,285,845)</u>	<u>7,988,143</u>
Cash at Beginning of the Financial Year		<u>48,560,656</u>	<u>42,860,076</u>	<u>40,572,513</u>
Cash at the End of the Financial Year	14	<u>52,038,909</u>	<u>25,574,231</u>	<u>48,560,656</u>

Notes to the Financial Statements are included on pages 6 to 41.

**CITY OF JOONDALUP
STATEMENT OF RATING INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007**

	GENERAL RATES				MINIMUM PAYMENTS					TOTAL
	Rateable Value	No of Properties	Rate in \$	Rate Yield	Rateable Value	No of Properties	Minimum Payment	Rate Yield	TOTAL	
General Rate - Gross Rental Value (GRV)	\$			\$	\$		\$		\$	
Residential	533,181,153	50,076	7.3029	38,937,716	44,277,323	6,686	531	3,550,266	42,487,982	
Commercial Improved	115,930,048	857	7.3029	8,466,256	1,141,360	178	531	94,518	8,560,774	
Commercial Not Improved	622,250	22	7.3029	45,442	7,250	1	531	531	45,973	
Industrial	11,050,440	373	7.3029	807,003	37,529	6	531	3,186	810,189	
Sub-Total GRV	660,783,891	51,328		48,256,417	45,463,462	6,871		3,648,501	51,904,918	
General Rate - Unimproved Value (UV)										
Residential	71,420,089	10	0.5708	407,666					407,666	
Rural	840,000	2	0.5708	4,795					4,795	
Total UV	72,260,089	12		412,461					412,461	
Interim Rates									70,476	
									52,387,855	
Discount Allowed (Note 3a)									(647,586)	
TOTAL RATES LEVIED									51,740,269	
Interest on Outstanding Rates (Note 3c)									355,512	
Instalment Administration Charge (Note 3b)									442,480	
TOTAL RATES REVENUE									52,538,261	

1 SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Accounting

The financial report is a general purpose financial report and has been prepared in accordance with accounting concepts, applicable Australian Accounting Standards, other mandatory professional reporting requirements, the Local Government Act 1995 and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

Compliance with IFRS

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRS. This financial report of the City complies with AIFRS and interpretations adopted by the International Accounting Standards Board with the following exceptions:

* AIFRS includes specific provisions relating to not-for-profit entities not included in IFRS.

* AAS 27 Financial Reporting by Local Governments applies and there is no equivalent standard in IFRS.

Under AIFRSs there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The City has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Council has elected to apply options and exemptions within the AIFRSs that are applicable to not-for-profit entities.

Non-compliance with IFRS includes:

* The recognition of non-reciprocal revenue.

* The definition of value in use for the purpose of estimating the recoverable amount for impaired assets under AASB 136.

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective. The council anticipate that the adoption of these Standards and Interpretations in future reporting periods will have no material impact on the council.

(b) The Local Government Reporting Entity

The financial statements forming part of this report have been prepared on the basis of a single consolidated fund (Municipal Fund). Monies held in Council's Trust Fund have been excluded from the consolidated financial statements (note 12).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment

Property, plant and equipment, excluding infrastructure assets are carried at cost less accumulated depreciation. Items of property, plant and equipment, including buildings but excluding freehold land and artworks, are depreciated over their estimated useful lives on a straight-line basis. Depreciation has been charged to the Income Statement. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

Depreciation Rates:

Freehold Land	Nil	Artworks	Nil
Light Vehicles	7.5%	Buildings	2.5%
Heavy Vehicles	10.5%	Mobile Plant	12.5%
Computer Equipment	33.4%	Furniture & Office Equipm	10.0%
Other Equipment	10.0%	Computer Software (over \$10,000)	20.0%

Property, Plant and Equipment are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use.

Infrastructure Assets

Reserves and Engineering infrastructure assets acquired prior to 30 June 1997 were brought to account as a non-current asset at their estimated depreciated replacement cost at that time, (deemed cost). Additions subsequent to 30 June 1997 are recorded at cost. Infrastructure Assets acquired by the City from contributions by developers are recorded as additions to assets and the income recorded in the Income Statement.

Infrastructure Assets acquired and constructed during the year are depreciated over their estimated useful lives on a straight-line basis from the commencement of the following financial year. Depreciation has been charged to the Income Statement.

Engineering Infrastructure Assets (reserves, roads, footpaths, drainage and other engineering assets) are depreciated over their estimated useful lives on a straight-line basis and are only depreciated from the commencement of the following financial year.

In accordance with Regulation 16 of the Local Government (Financial Management) Regulations 1996, land under roads has not been recognised as an asset in the Balance Sheet.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation Rates:

Parks and Reserves -

Playground Equipment	10.00%
Sports Facilities	10.0% - 20.0%
Picnic Facilities	10.00%
Park Benches	8.00%
Fencing	5.0% - 10.0%
Reticulation	13.0% - 20.0%
Park Structures	5.0% - 10.0%
Pathways	5.0% - 10.0%
Lighting	13.00%
Oval Development	Nil

Engineering -

Roads/Traffic Management	2.0% - 5.0%
Drainage	1.25%
Car Parking	2.50%
Public Access Ways	2.5% - 4.0%
Footpaths/Bicycle Facilities	2.0% - 4.0%
Robertson Road Cycleway	2.5% - 16.0%
Beach Access Ways	2.5% - 10.0%
Hardcourt Surfaces	2.5% - 20.0%
Bus Shelters	2.0%
Underpasses/Bridges	1.0% - 10.0%
Joondalup City Lighting	2.0% - 16.0%
Ocean Reef Boat Harbour	2.0% - 4.0%

Certain infrastructure assets listed above include various components with each component depreciated separately.

(d) Rates

The rating and reporting periods coincide. All rates levied for the year are recognised as revenues. All outstanding rates are fully collectable and therefore no allowance has been made for doubtful debts. In accordance with the Rates and Charges (Rebates and Deferments) Act 1992, the City offers eligible pensioners and seniors the option to defer the payment of rates or to obtain a rebate from the Western Australian State Government. All eligible pensioners registered under the Rates & Charges (Rebates and Deferments) Act 1992 may obtain a rebate or defer their rates for full payment upon sale of their property. Pensioners who hold a Commonwealth Concession Card and a Pensioner Health Benefit Card, a State Concession Card, Seniors Card or a Commonwealth Seniors Health Card can apply to be eligible for this State scheme. There is no cost to the City under this scheme as interest is received from the State Government for pensioner deferred rates.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Grants, Donations and Other Contributions

All grants, donations and other contributions have been recognised as revenues when the City obtains control over the assets comprising the contribution. Expenditure of those monies has been made or in the case of unexpended monies at balance date will be made in the manner specified under the conditions upon which the City received those monies.

(f) Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash on hand, deposits held at call with financial institutions, and other managed trust units that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Investments

Investments in managed funds are marked to market and reported at their fair values as at the reporting date. Investment in short term deposits are valued at cost. Interest revenues are recorded as they accrue.

(h) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and are capable of being measured reliably.

When some or all of the economic benefit required to settle a provision is expected to be recovered from another Local Government it is recorded in receivables at time of settlement.

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long service leave which is not expected to be settled within 12 months is measured at the present value of the estimated future cash outflows to be made by the City in respect of services provided by employees up to the reporting date.

(i) Superannuation Fund

The City makes a statutory contribution to the Local Government Superannuation Plan on behalf of its employees. The expense relating to those contributions has been included in the Income Statement.

(j) Works in Progress

Major buildings, reserves and infrastructure assets which have not been completed at the reporting date have been recorded as works in progress.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Crown Land

In accordance with the provisions of AAS27 and Local Government (Financial Management) Regulations 16 Crown land set aside as a public road reserve or other public thoroughfare or under the control of a local government under Section 3.53 of the Local Government Act 1995 or vested Crown land under the control of a local government by virtue of the operation of the Land Act or the Town Planning and Development Act has not been brought to account as an asset of the City. Improvements or structures placed upon such land have been accounted for as assets of the City.

(l) Payables

Trade Payables and other accounts payable are recognised when the City becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Receivables

Trade Receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of current assets and current liabilities.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating flows.

(o) Acquisition of Assets

Assets acquired during the year are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revaluation of Non Current Assets

The City adopts the provisions of AASB 116 related to revaluation of assets, under which assets whose fair value can be measured reliably are carried at the revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation or losses and the result of the revaluation is disclosed in the accounts.

(q) Rounding off of Figures

Figures shown in this financial report are rounded to the nearest dollar, which may cause minor variation between the statements and the notes

(r) Comparatives

Comparative figures have been adjusted as necessary to conform to any change in presentation in the current year

2 OPERATING REVENUES AND EXPENSES

	Note	Actual 2007	Adopted Budget 2007	Actual 2006
		\$	\$	\$
(a) The change in net assets resulting from operations was arrived at after charging/(crediting) the following items:				
Depreciation:				
Buildings		1,641,510	1,717,331	1,720,221
Furniture/Office Computer Equipment		527,658	444,180	485,065
Plant and Vehicles		874,352	1,061,832	853,132
Infrastructure Assets-Reserves		2,438,273	2,300,000	2,056,707
Infrastructure Assets-Engineering		10,392,071	10,215,000	9,979,989
		15,873,864	15,738,343	15,095,114
(b) Operating Expenses and Revenues Classified According to Nature and Type:				
Operating Revenues				
Rates – General		52,538,261	52,373,757	49,467,380
Rates - Specified Area		135,208	132,317	119,156
Government Grants and Subsidies		3,436,340	3,381,472	3,167,688
Contributions, Reimbursements & Donations		1,075,635	868,369	786,646
Profit on Asset Disposals		2,936,366	52,674	51,757
Fees and Charges	4	18,551,253	17,052,117	14,330,190
Interest Earnings		4,398,506	1,800,000	3,451,631
Other Revenue		184,540	131,000	181,240
		83,256,109	75,791,706	71,555,688
Operating Expenses				
Employee Costs		31,119,688	33,222,225	27,609,431
Materials, Contracts and Suppliers		28,240,950	27,705,835	25,864,812
Utilities (gas, electricity, water etc)		3,100,145	3,329,213	3,383,513
Depreciation on Non-Current Assets		15,873,864	15,738,343	15,095,114
Loss on Asset Disposals		238,956	273,800	104,208
Insurance Expense		964,460	988,771	932,952
Interest Expense		208,351	205,717	188,101
Other (FESA Contribution)		64,030	55,000	53,978
		79,810,444	81,518,904	73,232,109
Capital Grants and Contributions				
Government Grants and Subsidies		4,902,809	6,597,444	4,796,917
Contributions, Reimbursements & Donations		5,890,162	6,025,000	10,761,302
Total Capital Grants and Contributions		10,792,971	12,622,444	15,558,219
Changes in Net Assets Resulting from Operations		14,238,636	6,895,246	13,881,798

2 OPERATING REVENUES AND EXPENSES (continued)

(c) Developers' Contributions

Contributions to Infrastructure Assets from developer recognised as revenue and included in the Income Statement under Contributions, Reimbursements and Donations are as follows: -

	Note	Actual 2007	Adopted Budget 2007	Actual 2006
		\$	\$	\$
Parks and Reserves		-	1,000,000	-
Roads, Drainage, Footpaths etc		5,859,162	5,025,000	6,121,122
		<hr/>	<hr/>	<hr/>
		5,859,162	6,025,000	6,121,122
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3 RATES AND SERVICE CHARGES - PAYMENT OPTIONS

(a) Rates Discount and Incentive Scheme

Council, in accordance with the provisions of Section 6.46 of the Local Government Act 1995, offered the following discount and early payment incentives for the payment of rates and charges:-

- Full payment of all current and arrears of rates (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees (inclusive of GST) within 28 days of the issue date on the annual rate notice:
 - a 2.5% discount on general rates only; and
 - eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City.
 - a pool of prize winners was chosen by a computerised random selection process, the authentication of which has been authenticated by the Council's auditor. The prize winners pool was invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

These statements reflect that \$647,586 was allowed for discounts for the early payment of rates.

(b) Rates Payment Options

The City, in accordance with the provisions of Section 6.45 of the Local Government Act 1995, offered the following payment options for the payment of rates (including specified area rates), Emergency Services Levy, domestic refuse charges, private swimming pool inspection fees and property surveillance & security charge inclusive of GST:

- **One Instalment**

Payment in full within 28 days of the issue date of the annual rate notice and eligibility for a 2.5% discount on current general rates only and eligibility to enter the rates incentive scheme for prizes.

Payment in full within 35 days of the issue date of the annual rate notice.

- **Two Instalments**

The first instalment of 50% of the total current rates (including specified area rates), domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge, plus the total outstanding arrears payable within 35 days of date of issue of the annual rate notice.

The second instalment of 50% of the total current rates (including specified area rates), Emergency Services Levy, domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge, payable 63 days after due date of first rate instalment.

- **Four Instalments**

The first instalment of 25% of the total current rates (including specified area rates), Emergency Services Levy, domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge plus the outstanding arrears payable within 35 days of the issue of the annual rate notice.

3 RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(b) Rates Payment Options (continued)

The second, third and fourth instalment, each of 25% of the total current rates (including specified area rates), Emergency Services Levy, domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge payable as follows:

- **2nd instalment – 63 days after due date of 1st instalment**
- **3rd instalment – 63 days after due date of 2nd instalment**
- **4th instalment – 63 days after due date of 3rd instalment**

Instalment Charges and Calculation of Interest

The instalment options were subject to an administration fee of \$9.00 for each instalment two, three and four, together with an interest charge at 5.5% per annum, calculated on a simple interest basis on: -

- **Two Instalments:**

50% of the total current general rate (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated 35 days from the issue date of the annual rate notice to 63 days after the due date of the first instalment;

- **Four Instalments:**

An administration fee of \$9.00 for each instalment two, three and four, together with and interest charge at 5.5% per annum, calculated on a simple interest basis on:

- 75% of the total current general rate (including specified area rates), Emergency Services Levy, domestic refuse charge, and private swimming pool inspection fees inclusive of GST calculated 35 days from issue date of the annual rate notice to 63 days after the due date of the first instalment
- 50% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of second instalment to the due date of the third instalment; and
- 25% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of third instalment to the due date of the fourth instalment.

- **Special Payment Arrangements**

Special monthly or fortnightly payment arrangements were made with the City for those ratepayers who were unable to pay in full or according to the instalment plans offered. An administration fee of \$30.00 per assessment was charged on all payment arrangements and penalty interest of 11.00% pa was applied to the outstanding balance until the account was paid in full.

These statements reflect that \$442,480 was generated from instalment costs charged on outstanding rates.

3 RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(c) Late Payment Interest

The Council, in accordance with the provisions of Section 6.13 and Section 6.51 of the Local Government Act 1995, imposed interest on all current and arrears general rates (including specified area rate), current and arrears domestic refuse charges, current and arrears private swimming pool inspection fees (inclusive of GST) and arrears property surveillance & security charge at a rate of 11.00% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed. These statements reflect an amount of \$355,512 generated from interest charged on outstanding rates.

(d) Emergency Services Levy Interest Charged

In accordance with the provisions of section 36S of the Fire and Emergency Services Legislation (Emergency Services Levy) Amendment Act 2002, IMPOSES interest on all current and arrears amounts of emergency services levy at a rate of 11.00% per annum, calculated on a simple interest basis on amounts of which remain unpaid after 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are instalment current amounts not yet due under the two or four-payment option, registered pensioner and current government pensioner rebate amounts. Such interest to be charged once per month on the outstanding balance on the day of calculation for the number of days.

(e) Emergency Services Remittance Option B

The City elected to remit the current year Emergency Services Levy to Fire and Emergency Services Legislation under Option B. Under Option B the City acquired the current year ESL when the annual rates were levied. The City remitted the ESL to FESA in quarterly payments – September 2005 (30%), December 2005 (30%), March 2006 (30%) and June 2006 (10%). The City invests the Emergency Services Levy receipts as part of its municipal funds investments. The ESL levies received and the ESL liability to FESA are reflected in the City's Balance Sheet and the cash flow impacts are included in the Cash Flow Statement.

(f) Domestic Refuse Charges

The Council, BY AN ABSOLUTE MAJORITY in accordance with Division 5 of Part IV of the Health Act 1911 (as amended) imposed the following domestic refuse charges for the current financial year:

- \$189.00 per existing unit serviced, 164 for pensioners; and
- Additional bin collection service \$203.50 (inclusive of GST)
- Collection from within the property boundary:
Additional cost \$48.40 (inclusive of GST).
- New service \$189.00 plus cost of bin and bin delivery \$48.40 (inclusive of GST).

3 RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(g) Private Swimming Pool Inspection Fees

The Council, in accordance with the provisions of Section 245A (8) of the Local Government (Miscellaneous Provisions) Act 1960 imposed for the current financial year, a Private Swimming Pool Inspection Fee of \$13.75 (inclusive of GST) on those properties owning a private swimming pool.

(h) Prescribed Services – Specified Area Rating Iluka

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the current financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.245762¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$49720.

(i) Prescribed Services – Specified Area Rating Woodvale Waters

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 1.386840¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$24766.

(j) Prescribed Services – Specified Area Rating Harbour Rise

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.665841¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$60722.

(k) Write Off Rates and Charges

The total value of rates and charges from previous years written off during the year was \$7,948.41

(l) Schedule of Valuations and Rate Revenue

The schedule of valuations and rate revenue is shown on the Statement of Rating Information included in this report".

4 FEES & CHARGES INFORMATION

The City did not impose a service charge as defined under the Local Government Act 1995.

The total revenue from fees and charges classified by nature and programme as required under regulation 41 of the Local Government (Financial Management) Regulations 1996 are shown below.

Classified by Nature	Note	Actual 2007 \$	Budget 2007 \$
Household Refuse Removal Charge		10,302,677	10,100,400
Membership Fees		1,620,193	881,258
Building Licences		1,174,057	950,000
User/Entry Fees		979,388	985,225
Learn to Swim Programme		520,337	445,812
Development Application Fees		452,955	350,000
Court Sport Revenue		413,051	433,409
Hire of Facilities		392,327	316,897
Other Miscellaneous Sales		256,003	63,252
Commission		253,735	236,000
Land Purchase Enquiries		249,640	300,152
Rental of Accommodation		248,138	270,000
Inspection Fees (GST Applicable)		223,703	225,000
Dog Registration Fees - 1 Year/		201,778	210,000
Term programme activities		165,916	231,760
Eating House Licences & Registration		107,806	102,000
Parking Infringements		99,839	95,000
Library Fines & Penalties		96,676	98,000
Other Miscellaneous Charges		793,034	757,952
	2b	<u>18,551,253</u>	<u>17,052,117</u>
Classified by Programme		Actual 2007 \$	Budget 2007 \$
General Purpose Funding		252,484	256,441
Governance		1,073	17,563
Law, Order, Public Safety		340,186	267,540
Health		175,387	178,475
Education and Welfare		253,681	168,525
Community Amenities		10,455,566	10,247,600
Recreation and Culture		4,649,221	3,803,896
Transport		270,998	265,830
Economic Services		2,151,621	1,846,124
Other Property and Services		1,036	123
		<u>18,551,253</u>	<u>17,052,117</u>

5 INVESTMENTS

	Note	Actual 2007 \$	Actual 2006 \$
Westpac 11AM		3,394,507	6,716,015
ANZ Cash Plus		7,988,956	6,880,023
Perennial Cash Enhanced		10,323,007	8,738,279
Aberdeen Cash Plus (formerly Deutsche)		10,217,199	8,456,071
Perpetual Credit Enhanced Cash		-	8,425,411
ING Enhanced Cash Fund		-	5,873,405
Perpetual Credit Enhanced Cash (AA)		8,219,084	4,449,462
Merrill Lynch Diversified Credit		12,152,652	-
	14	52,295,405	49,538,666
Restricted	10	31,367,493	24,283,777
Unrestricted		20,927,912	25,254,889
		52,295,405	49,538,666

Investments comprise short term money market deposits and units in managed funds.

6 TRADE & OTHER RECEIVABLES

	Actual 2007	Actual 2006
Current Assets	\$	\$
Rates Receivables Outstanding	127,914	444,137
ESL Receivable Outstanding	24,327	21,722
Debtors Ledger Control (i)	385,445	350,935
LSL Current - Other Councils	128,023	128,023
Other	5,255	2,500
Prepaid Expenses	284,263	239,788
Accrued Income	21,692	85,913
Goods & Services Tax (GST) Receivable	613,397	596,726
	<u>1,590,316</u>	<u>1,869,744</u>
Provision for Doubtful Debts	(2,346)	(7,097)
	<u>1,587,970</u>	<u>1,862,647</u>

(i) The average credit period on services is 35 days. No interest is charged on the trade receivables for the first 35 days from the date of the invoice. Thereafter, interest is charged at 11% per annum on the outstanding balance.

Non-Current Assets

Rates / ESL Receivable - Pensioners Deferred	1,038,301	1,050,536
LSL Non Current - Other Councils	47,193	47,193
Contribution To Upgrade Material Recovery Facility	1,200,000	21,500
	<u>2,285,494</u>	<u>1,119,229</u>

The contribution to the upgrade of the Materials Recovery Facility at Wangara is in joint participation between the Cities of Wanneroo, Swan and Joondalup. The amount is to be repaid to the City of Joondalup over five years.

7 EQUITY INVESTMENTS

Equity Investments

Capital Investment - Mindarie Regional Council	274,288	274,288
Capital Investment - Tamala Park Regional Council	2,703,573	-
Local Government House	29,616	29,616
	<u>3,007,477</u>	<u>303,904</u>

Capital Investment – Mindarie Regional Council – represents the City's contributions during the following years to assist with the initial operations of the waste treatment facilities. Repayment is deferred until agreed to by all constituent Councils (ref note 13)

1988	5,000
1989	25,000
1990	116,500
1991	54,583
1992	73,205
	<u>274,288</u>

8 PROPERTY, PLANT AND EQUIPMENT

Fixed Assets at Cost	Balance at			Disposals	Balance at	
	30 June 2006	Transfers and	Additions		30 June 2007	
	\$	Adjustments \$	\$	\$	\$	\$
Freehold Land	3,027,050	-	3,181,457	(995,252)		5,213,255
Buildings	69,474,724	773,103	239,304	(35,731)		70,451,400
Reserves	39,764,161	(2,092)	2,222,871	-		41,984,940
Roads	291,842,684	153,165,926	4,155,030	-		449,163,640
Footpaths	15,246,525	-	233,325	-		15,479,850
Drainage	147,749,433	(7,144)	1,391,607	-		149,133,896
Other Infrastructure	28,722,863	(2,619)	676,799	-		29,397,043
Artworks, Furniture and Computer Equipments	7,489,905	88,209	412,757	(1,671,887)		6,318,984
Mobile Plant and Vehicles	8,903,378	38,405	1,632,877	(1,584,762)		8,989,898
Other Equipments	1,524,614	261,128	1,612,321	(291,835)		3,106,228
TOTAL	613,745,337	154,314,916	15,758,348	(4,579,467)		779,239,134

Accumulated Depreciation						
Freehold Land	-	-	-	-	-	-
Buildings	(19,820,188)	-	(1,740,547)	16,422		(21,544,313)
Reserves	(13,810,877)	-	(2,438,273)	-		(16,249,150)
Roads	(50,970,471)	(127,694,120)	(6,994,870)	-		(185,659,461)
Footpaths	(3,010,153)	-	(457,863)	-		(3,468,016)
Drainage	(19,069,915)	-	(2,208,614)	-		(21,278,529)
Other Infrastructure	(6,268,334)	-	(730,724)	-		(6,999,058)
Artworks, Furniture and Computer Equipments	(5,969,112)	-	(532,604)	1,663,795		(4,837,921)
Mobile Plant and Vehicles	(2,712,976)	2,472	(802,599)	699,067		(2,814,036)
Other Equipments	(1,208,838)	-	(69,280)	281,180		(996,938)
TOTAL	(122,840,864)	(127,691,648)	(15,975,374)	2,660,464		(263,847,422)

Written-Down Value						
Freehold Land	3,027,050	-	3,181,457	(995,252)		5,213,255
Buildings	49,654,536	773,103	(1,501,243)	(19,309)		48,907,087
Reserves	25,953,284	(2,092)	(215,402)	-		25,735,790
Roads	240,872,213	25,471,806	(2,839,840)	-		263,504,179
Footpaths	12,236,372	-	(224,538)	-		12,011,834
Drainage	128,679,518	(7,144)	(817,007)	-		127,855,367
Other Infrastructure	22,454,529	(2,619)	(53,925)	-		22,397,985
Artworks, Furniture and Computer Equipments	1,520,793	88,209	(119,847)	(8,092)		1,481,063
Mobile Plant and Vehicles	6,190,402	40,877	830,278	(885,695)		6,175,862
Other Equipments	315,776	261,128	1,543,041	(10,655)		2,109,290
TOTAL	490,904,473	26,623,268	(217,026)	(1,919,003)		515,391,712

Capital Work in Progress	Balance at		New Work Added	Completed and Capitalised	Balance at	
	30 June 2006	Transfers and			30 June 2007	
	\$	Adjustments \$	\$	\$	\$	\$
Buildings	11,260,011	3,593	1,741,276	(859,609)		12,145,271
Reserves	1,820,381	127,867	1,190,823	(396,005)		2,743,066
Roads	1,734,975	534,633	5,054,753	(262)		7,324,099
Footpaths	64,551	10,258	376,355	(28,838)		422,326
Drainage	129,253	61,209	542,868	-		733,330
Other Infrastructure	605,528	1,253	1,641,704	(1,826,867)		421,618
TOTAL	15,614,699	738,813	10,547,779	(3,111,581)		23,789,710
GRAND TOTAL	506,519,172	27,362,081	10,330,753	(5,030,584)		539,181,422

9 PAYABLES AND PROVISIONS

	Actual 2007 \$	Actual 2006 \$
Payables		
Current		
Trade Payables (i)	3,598,804	3,925,813
Sundry Payables	195,898	1,261,199
Accrued Expenses	4,011,268	2,484,409
Income in Advance	625,224	206,095
Goods & Services Tax (GST) Payable	68,570	53,470
	<hr/>	<hr/>
	8,499,764	7,930,986
	<hr/> <hr/>	<hr/> <hr/>

(i) The average credit period on purchases of goods and services from external suppliers is 2 months. No interest is charged on the trade payables for the first 60 days from the date of the invoice.

Provisions

Current

Provision for Annual Leave	2,359,408	2,322,096
Provision for Long Service Leave	2,151,913	2,389,534
Provision for Sick Leave	12,534	-
Provision for Workers Compensation	1,304,415	1,210,148
Provision - Other	4,115	665
	<hr/>	<hr/>
	5,832,385	5,922,443
	<hr/> <hr/>	<hr/> <hr/>

Non Current

Provision for Long Service Leave	630,926	918,307
	<hr/> <hr/>	<hr/> <hr/>

10 RESERVES

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(a) Asset Replacement Reserve			
Opening Balance	11,305,949	11,282,084	7,388,412
Transfer from Accumulated Surplus	617,042	490,644	3,948,098
Transfer from Domestic Cart Replacement Reserve	-	-	-
Transfer to Accumulated Surplus	(3,162,542)	(6,700,000)	(30,561)
Closing Balance	<u>8,760,449</u>	<u>5,072,728</u>	<u>11,305,949</u>

Created in 1986/87 to assist with financing various essential assets including a works depot.

(b) Capital Expenditure Carried Forward Reserve			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	5,027,062	-	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u>5,027,062</u>	<u>-</u>	<u>-</u>

Created in 2006/07 and holds unspent capital works funds carried forward to subsequent financial years.

(c) Cash in Lieu of Parking Reserve			
Opening Balance	357,381	357,381	357,381
Transfer From Accumulated Surplus	22,675	22,106	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u>380,056</u>	<u>379,487</u>	<u>357,381</u>

Created in 1993/94 with funds previously held in Trust Fund. It represents funds received from developers in lieu of providing car parking.

(d) Cash in Lieu of Public Open Space Reserve			
Opening Balance	1,174,790	1,174,789	1,158,044
Transfer From Accumulated Surplus	74,542	72,667	16,746
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u>1,249,332</u>	<u>1,247,456</u>	<u>1,174,790</u>

Created in 1993/94 with money previously held in Trust Fund representing funds received from developers in lieu of providing public open space.

10 RESERVES (continued)

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(e) Community Facilities Reserve			
Opening Balance	344,000	344,000	344,000
Transfer From Accumulated Surplus	21,827	21,278	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u>365,827</u>	<u>365,278</u>	<u>344,000</u>

Created in 2004/05 for the purpose of funding the construction, development and maintenance of community facilities.

(f) Community Facilities Reserve - Kingsley			
Opening Balance	248,979	274,545	-
Transfer from Accumulated Surplus	15,798	16,982	248,979
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u>264,777</u>	<u>291,527</u>	<u>248,979</u>

Created in 2005/06 for the purpose of funding the construction, development and maintenance of community facilities in the suburb of Kingsley.

(g) Domestic Cart – Refuse Collection Reserve			
Opening Balance	2,347,136	1,495,701	1,495,701
Transfer From Accumulated Surplus	101,477	-	851,435
Transfer to Accumulated Surplus	(1,495,701)	(1,495,701)	-
Transfer to Asset Replacement Reserve	-	-	-
Closing Balance	<u>952,912</u>	<u>-</u>	<u>2,347,136</u>

Created in 1990/91 by the former City of Wanneroo to provide for additional plant and equipment used specifically for the provision of the domestic cart refuse collection service.

(h) Heavy Vehicles Replacement Reserve			
Opening Balance	717,804	793,706	738,916
Transfer from Accumulated Surplus	45,545	49,095	120,910
Transfer to Accumulated Surplus	-	-	(142,022)
Closing Balance	<u>763,349</u>	<u>842,801</u>	<u>717,804</u>

Created in 1996/97 by the former City of Wanneroo to provide for the replacement of the Council's fleet of vehicles.

10 RESERVES (continued)

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(i) Hodges Drive Drainage Reserve			
Opening Balance	309	-	158,759
Transfer to Accumulated Surplus	(309)	-	(158,450)
Closing Balance	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>309</u></u>

The reserve was fully utilised in 2005/06 and the small balance was taken to accumulated surplus in 2006/07

(j) Joondalup City Centre Parking Reserve			
Opening Balance	358,722	334,422	237,222
Transfer from Accumulated Surplus	22,761	20,686	121,500
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u><u>381,483</u></u>	<u><u>355,108</u></u>	<u><u>358,722</u></u>

Created in 1995/96 by the former City of Wanneroo to accumulate funds received from developers withing the Joondalup CBD in lieu of providing car parking and will be utilised to fund future car parking requirements

(k) Joondalup Normalisation Agreement Reserve			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	-	-	2,800,000
Transfer to Accumulated Surplus	-	-	(2,800,000)
Transfer to Asset Replacement Reserve	-	-	-
Closing Balance	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(l) Leisure Centres Capital Replacement Reserve			
Opening Balance	1,451,694	203,067	3,960,208
Transfer from Accumulated Surplus	542,623	470,602	-
Transfers to Accumulated Surplus	(433,877)	(190,000)	(2,508,514)
Closing Balance	<u><u>1,560,440</u></u>	<u><u>483,669</u></u>	<u><u>1,451,694</u></u>

Created in 2001/02 with the outsourcing of the Craigie leisure centre, Ocean Ridge recreation centre and Sorrento/Dun Craig recreation centre to the RANS Management Group to undertake future refurbishment works

10 RESERVES (continued)

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(m) Library Literacy Program Reserve			
Opening Balance	4,401	4,401	17,601
Transfer from Accumulated Surplus	279	272	-
Transfers to Accumulated Surplus	-	-	(13,200)
Closing Balance	<u>4,680</u>	<u>4,673</u>	<u>4,401</u>

Created in 2003/04 with proceeds from the sale of donated and surplus library books to be used for the development of literacy programs to be held at the City's libraries in future years.

(n) Light Vehicles Replacement Reserve			
Opening Balance	316,004	347,868	548,229
Transfer from Accumulated Surplus	20,051	21,518	384,299
Transfer to Accumulated Surplus	-	-	(616,524)
Closing Balance	<u>336,055</u>	<u>369,386</u>	<u>316,004</u>

Created in 1996/97 by the former City of Wanneroo to provide for the replacement of Council's fleet of light vehicles.

(o) Ocean Reef Boat Launching Facility Reserve			
Opening Balance	148,738	155,991	155,991
Transfer from Accumulated Surplus	8,515	-	-
Transfer to Accumulated Surplus	(29,071)	(155,991)	(7,253)
Closing Balance	<u>128,182</u>	<u>-</u>	<u>148,738</u>

Created in 1998/99 for the purpose of planning, developing and managing the Ocean Reef boat launching facility precinct, generally comprising the launching facility and the adjacent foreshore lands.

(p) Cultural Facility Reserve			
Opening Balance	1,330,507	1,330,507	1,748,709
Transfer from Accumulated Surplus	65,530	63,882	-
Transfer to Accumulated Surplus	(595,500)	(595,500)	(418,202)
Closing Balance	<u>800,537</u>	<u>798,889</u>	<u>1,330,507</u>

Created in 2000/01 to assist with the design and development of a regional performing arts facility in the Joondalup city centre. The reserve was renamed in 2005/06 to more appropriately reflect the intent of this project for a multi-purpose cultural facility.

10 RESERVES (continued)

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(q) Plant Replacement Reserve			
Opening Balance	1,036,689	932,028	999,794
Transfer from Accumulated Surplus	65,779	57,651	362,070
Transfer to Accumulated Surplus	-	-	(325,175)
Closing Balance	<u>1,102,468</u>	<u>989,679</u>	<u>1,036,689</u>

Created in 1996/97 to assist with financing of Council's plant and equipment.

(r) Rate Revaluation Reserve			
Opening Balance	100,000	145,000	130,000
Transfer From Accumulated Surplus	155,945	158,454	165,000
Transfer to Accumulated Surplus	-	-	(195,000)
Closing Balance	<u>255,945</u>	<u>303,454</u>	<u>100,000</u>

Created in 2003/04 to assist with financing the costs associated with the triennial general property revaluation undertaken by the Valuer General.

(s) Section 20A Land Reserve			
Opening Balance	31,792	31,792	31,792
Transfer from Accumulated Surplus	2,017	1,967	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u>33,809</u>	<u>33,759</u>	<u>31,792</u>

Created in 1993/94 by the former City of Wanneroo to comply with the Department of Land Administration guidelines on the sale of unwanted Section 20A "Public Recreation" reserve land that requires

(t) Sorrento Beach Foreshore Enhancement			
Opening Balance	139,232	-	828,295
Transfer from Accumulated Surplus	-	-	900,000
Transfer to Accumulated Surplus	(139,232)	-	(1,589,063)
Closing Balance	<u>-</u>	<u>-</u>	<u>139,232</u>

Created in 2004/05 for the purpose of completing works relating to the Sorrento Beach Foreshore Enhancement corporate project. This project was completed in 2005/06

10 RESERVES (continued)

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(u) Specified Area Rating – Harbour Rise Reserve			
Opening Balance	-	-	13,051
Transfer from Accumulated Surplus	26,189	-	-
Transfer to Accumulated Surplus	-	-	(13,051)
Closing Balance	<u>26,189</u>	<u>-</u>	<u>-</u>

This reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area.

(v) Specified Area Rating - Iluka Reserve			
Opening Balance	72,579	-	113,479
Transfer from Accumulated Surplus	34,045	-	72,579
Transfer to Accumulated Surplus	-	-	(113,479)
Closing Balance	<u>106,624</u>	<u>-</u>	<u>72,579</u>

This reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area.

(w) Strategic Asset Management Reserve			
Opening Balance	2,531,158	1,631,158	1,192,594
Transfer from Accumulated Surplus	6,053,372	4,121,515	1,338,564
Closing Balance	<u>8,584,530</u>	<u>5,752,673</u>	<u>2,531,158</u>

Created in 2004/05 for the purpose of funding the maintenance, refurbishment, replacement and disposal of assets in the most effective manner, at the required level of service for future and present requirements.

(x) Town Planning Scheme No 10 (Revoked)			
Opening Balance	253,413	221,398	430,076
Transfer from Accumulated Surplus	16,081	13,695	-
Transfer to Accumulated Surplus	-	-	(176,663)
Closing Balance	<u>269,494</u>	<u>235,093</u>	<u>253,413</u>

Created in 1993/94 by the former City of Wanneroo with funds previously held in Trust Fund. Represents residual funds from Town Planning Scheme No 10 (Revoked) and will be utilised on the provision of facilities generally within or in close proximity of the scheme area.

10 RESERVES (continued)

	Actual 2007 \$	Adopted Budget \$	Actual 2006 \$
(y) Wanneroo Bicentennial Trust Reserve			
Opening Balance	12,500	12,500	12,500
Transfer from Accumulated Surplus	793	773	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	<u><u>13,293</u></u>	<u><u>13,273</u></u>	<u><u>12,500</u></u>

Created in 1993/94 by the former City of Wanneroo with funds previously held in Trust Fund. The award of the Trust assisted people who would not otherwise have had the resources in realising their goals and developing their talents to the benefit of the community.

Grand Total of Reserves

Opening Balance	24,283,777	21,072,338	22,060,754
Transfer from Accumulated Surplus	12,939,948	5,603,787	11,330,180
Transfer to Accumulated Surplus	(5,856,232)	(9,137,192)	(9,107,157)
Closing Balance	<u><u>31,367,493</u></u>	<u><u>17,538,933</u></u>	<u><u>24,283,777</u></u>

11 SUPERANNUATION

The City of Joondalup makes superannuation contributions in respect of its employees to the Western Australian Local Government Superannuation Plan (WALGSP) established in respect of all Local Governments in the WA. Contributions made include Superannuation Guarantee Levy of 9% and employer contributions as per Council policy.

12 TRUST FUNDS

	Actual 2007 \$	Actual 2006 \$
Deposits and Bonds held in Trust	2,413,870	1,642,913
	<hr/>	<hr/>
	2,413,870	1,642,913
	<hr/> <hr/>	<hr/> <hr/>

Trust funds represent monies over which the Local Government has no control and which are not included in the financial statements.

13 TOWN PLANNING AND LAND DEVELOPMENT SCHEME - MINDARIE

In June 1978 Lot 17 Marmion Avenue, Mindarie, a 432 hectare property situated approximately 2 kilometres north of Burns Beach and 30 kilometres north of the Perth City Centre was purchased jointly by the former City of Wanneroo, the former City of Perth and the City of Stirling as tenants in common in equal shares to provide for a future sanitary disposal site.

Subsequently, the Mindarie Regional Council was established by the three Councils and in 1990 leased approximately 251 hectares for this purpose. The lease provides for an initial term of 21 years, with an option for renewal for a further 21 years.

On 1 July 1998 the former City of Wanneroo's one third share was split equally between the City of Joondalup and the City of Wanneroo, in accordance with the Joondalup and Wanneroo Order 1998, the assets and liabilities were allocated by determination of the Joint Commissioners.

It is envisaged that the southern portion of Lot 17 encompassing the leased area will eventually be used for regional open space/recreational purposes. The north and western portions have been identified as future urban development with the potential for subdivision and resale.

14 RECONCILIATION OF CASH

For the purposes of the statement of cash flows, the City of Joondalup considers cash to include cash on hand and cash held in banks and investments. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	Note	Actual 2007 \$	Actual 2006 \$
Cash Assets			
Cash on Hand		6,955	6,855
Investments	5	52,295,405	49,538,666
		<hr/>	<hr/>
		52,302,360	49,545,521
		<hr/>	<hr/>
Interest Bearing Liabilities			
		<hr/>	<hr/>
Bank Overdraft		(263,451)	(984,865)
		<hr/>	<hr/>
Net Cash Balance		52,038,909	48,560,656
		<hr/>	<hr/>

15 GAIN (LOSS) ON DISPOSAL OF ASSETS BY CLASS

	Actual Sale Price	Actual Net Book Value	Actual Gain (Loss) on Disposal	Budget Sale Price	Budget Net Book Value	Budget Gain (Loss) on Disposal
	\$	\$	\$	\$	\$	\$
Land	3,823,678	995,252	2,828,426	-	-	-
Buildings	-	19,309	(19,309)	-	-	-
Computer Equipment	15,056	2,246	12,810	-	-	-
Furniture and Office Equipment	100	5,765	(5,665)	-	-	-
Vehicles	724,585	788,899	(64,314)	1,142,000	1,359,641	(217,641)
Mobile Plant	52,888	96,796	(43,908)	140,600	144,086	(3,486)
Other Equipment	105	10,655	(10,550)	-	-	-
Artworks	-	80	(80)	-	-	-
Total	4,616,412	1,919,002	2,697,410	1,282,600	1,503,727	(221,127)

16 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS FOR THE YEAR ENDED 30 JUNE 2007

	Actual 2007 \$	Actual 2006 \$
Change in Net Assets Resulting from Operations	14,238,636	13,881,798
<u>Add Back</u>		
Depreciation	15,873,864	15,095,115
Decrease in Receivables	279,108	294,124
Decrease in Deferred Debtors	12,236	-
Increase in Payables	-	1,314,507
Increase in Income in Advance	419,129	-
Increase in Accrued Expenses	1,526,859	1,053,365
Decrease in Accrued Income	92,845	-
Decrease in Accrued GST	-	79,517
Decrease in Clearing Accounts	10,592	5,485
Increase in Provisions	-	526,052
Loss on Sale of Assets	238,956	52,451
	18,453,589	18,420,616
<u>Deduct</u>		
Government Grants	-	3,249,710
Decrease in Payables	761,069	16,895
Decrease in Provisions	384,565	-
Profit on Sale of Assets	2,936,366	-
Increase in Doubtful Debts	4,751	-
Increase in Deferred Debtors	-	40,598
Increase in Accrued Income	-	9,012
Increase in Prepayments	44,476	-
Decrease in Income in Advance	-	14,335
Decrease in Bond Payables	-	1,134,674
Contribution of Assets	5,859,162	6,121,122
	9,990,389	10,586,346
Net Cash Provided By Operating Activities	22,701,836	21,716,068

17 CREDIT STANDBY FACILITIES

	Actual 2007	Actual 2006
Bank Overdraft Limit	500,000	500,000
Bank Overdraft at Reporting Date	263,451	984,865
Credit Amount Unused/(Exceeding limit)	236,549	(484,865)

18 COMMITMENTS FOR MAJOR EXPENDITURE

	Actual 2007 \$	Actual 2006 \$
At the reporting date, the City had entered into contracts for the following major expenditure:		
Buildings Works	336,167	4,000,951
Engineering Works	818,575	7,203,231
Parks Works	128,358	580,648
Major Council Works	1,363,930	-
	<hr/>	<hr/>
	2,647,030	11,784,830
	<hr/> <hr/>	<hr/> <hr/>

These expenditures are due for payment:

Not later than One Year	2,647,030	11,784,830
	<hr/>	<hr/>
	2,647,030	11,784,830
	<hr/> <hr/>	<hr/> <hr/>

19 OTHER EXPENSES

	Actual 2007	Adopted Budget 2007	Actual 2006
	\$	\$	\$
(a) Elected Members & Commissioners Expenses			
Members Costs are paid monthly in arrears:			
Elected Members Allowances	199,385	217,200	26,043
Elected Members Conferences/Training	64,543	85,000	-
Elected Members Presentation Items	2,500	-	8,393
Elected Members Travel, Child Care and	15,661	30,000	15,158
Other Specified Expenses	1,123	8,500	-
Commissioners Allowances	-	-	185,497
Commissioners Travel, Child Care and	-	-	18,212
	<u><u>283,212</u></u>	<u><u>340,700</u></u>	<u><u>253,303</u></u>
(c) Auditors Expenses			
Statutory Audit Fees	28,400	33,250	31,000
Internal Audit Fees	24,000	-	-
Other Audit Associated Costs	2,107	-	9,705
	<u><u>54,507</u></u>	<u><u>33,250</u></u>	<u><u>40,705</u></u>

Elected members allowances comprise of Mayoral and Deputy Mayoral Allowances, Members Meeting Fees, Telecommunications Allowances and Information Technology Allowances. Commissioners Allowances comprise of Chairman and Deputy Chairman Allowances, Commissioners Allowances, fees paid were approved by the Minister for Local Government and Regional Development

Note – Increase in audit fees relates to additional fees for internal audit procedures and auditing government grant acquittals as required by both State and Federal Government authorities.

20 MAJOR LAND TRANSACTIONS

During the 2006/2007 financial year the City acquired portion of Lot 500 Grand Boulevard and Kendrew Ave Joondalup for \$595,000 for future development of a cultural facility. Also, acquired lot 6 Lawley Court, Joondalup for \$1,772,353 to develop a Car park in the business district

21 SPECIFIED AREA RATE - ILUKA

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2006/2007 financial year, a specified area rate for the suburb of Iluka.

During the 2006/2007 financial year the income and expenditure was as follows;

Balance 1 st July 2006	72,579
2006/07 Rate income	49,720
Interest	4,605
Expenditure for the area of Iluka	<u>(20,280)</u>

Surplus held in Reserve as at 30 June 2007 106,624

22 SPECIFIED AREA RATE – WOODVALE WATERS

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2006/2007 financial year, a specified area rate for the area of Woodvale Waters.

During the 2006/2007 financial year the income and expenditure was as follows;

Balance 1 st July 2006	-
2006/07 Rate income	24,766
Expenditure for the area of Woodvale Waters	<u>(24,766)</u>

Surplus held in Reserve as at 30 June 2007 -

23 SPECIFIED AREA RATE – HARBOUR RISE

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 did not impose for the 2006/2007 financial year, a specified area rate for the area of Harbour Rise Hillarys.

During the 2006/2007 financial year the income and expenditure was as follows;

Balance 1 st July 2006	-
2006/07 Rate income	60,722
Adjustment	4,134
Expenditure for Area of Harbour Rise	<u>(38,667)</u>

Surplus held in Reserve as at 30 June 2007 26,189

24 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

(b) The following table details the City's exposure to interest rate risks as at the reporting date.

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity				Total \$
			\$	1 to 5 Years \$	More than 5 Years \$	Non-Interest Bearing \$	
2006/2007							
Financial Assets							
Cash	-	-	-	-	-	6,955	6,955
Receivables	-	-	-	-	-	1,435,729	1,435,729
Rates & ESL Receivable	11.00	-	-	152,241	-	-	152,241
Investments	-	-	-	-	-	-	-
ANZ Cash Plus Fund	6.37	7,988,956	-	-	-	-	7,988,956
Aberdeen Cash Plus	6.29	10,217,199	-	-	-	-	10,217,199
Perpetual Enhanced AA	6.25	8,219,084	-	-	-	-	8,219,084
Merrill Lynch Diversified Credit	7.3	12,152,652	-	-	-	-	12,152,652
Perennial Cash	6.35	10,323,007	-	-	-	-	10,323,007
Westpac 11AM	5.98	3,394,507	-	-	-	-	3,394,507
Total		52,295,405	-	152,241	-	1,442,684	53,890,330
Financial Liabilities							
Trade payables	-	-	-	-	-	8,499,764	8,499,764
Borrowings	5.95	-	72,150	335,249	424,589	-	831,988
"	5.79	-	256,333	1,186,245	1,086,916	-	2,529,494
Bank overdraft	9.25	263,451	-	-	-	-	263,451
Employee entitlements	-	-	-	-	-	7,089,733	7,089,733
Total		263,451	328,483	1,521,494	1,511,505	15,589,497	19,214,430
2005/2006							
Financial Assets							
Cash	-	-	-	-	-	6,855	6,855
Receivables	-	-	-	-	-	1,396,788	1,396,788
Rates & ESL Receivable	11.00	-	-	465,859	-	-	465,859
Investments	-	-	-	-	-	-	-
ANZ Cash Plus Fund	5.85	6,880,023	-	-	-	-	6,880,023
Deutsche Cash Plus	6.16	8,456,071	-	-	-	-	8,456,071
Perpetual Enhanced A	5.84	8,425,411	-	-	-	-	8,425,411
Perpetual Enhanced AA	5.74	4,449,462	-	-	-	-	4,449,462
ING Enhanced	6.33	5,873,405	-	-	-	-	5,873,405
Perennial Cash	5.84	8,738,279	-	-	-	-	8,738,279
11AM	5.44	6,716,015	-	-	-	-	6,716,015
Total Assets		49,538,666	-	465,859	-	1,403,643	51,408,168
Financial Liabilities							
Trade payables	-	-	-	-	-	7,930,986	7,930,986
Borrowings	5.95	-	68,012	407,399	424,589	-	900,000
Borrowings	5.79	-	242,013	1,442,577	1,086,916	-	2,771,506
Bank overdraft	9.25	984,865	-	-	-	-	984,865
Employee entitlements	-	-	-	-	-	6,840,750	6,840,750
Total Liabilities		984,865	310,025	1,849,976	1,511,505	14,771,736	19,428,107

24 FINANCIAL INSTRUMENTS (Continued)

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the City. The Council has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Council measures credit risk on a fair value basis.

The council does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

25 JOONDALUP NORMALISATION AGREEMENT

During 2004, the City of Joondalup and the Western Australia Land Authority (LandCorp) entered into a Memorandum of Agreement to complete the normalisation of the City of Joondalup. The Memorandum of Agreement (MOA) recognises the historical evolution and contemporary position of Joondalup in terms of the Western Australia Land Authority Act 1992 (as amended) and the "Joondalup Centre Plan – Completion 2001 Modification". The process of "normalisation" is a transitional process through which the strategic regional centre would become operationally and perceptually transformed from a development project to an established centre.

The Memorandum Of Agreement (MOA) required LandCorp to make a contribution of \$5.24m to the City of Joondalup for works previously completed by the City and to be carried out by the City in the future.

The terms of settlement are not specified in the agreement however the City received \$1.9m in June 2004 and brought this revenue to account in 2003/04. The City received \$2.8m during 2005/06 as further settlement and this was recognised as revenue during 2005/06. The final payment of \$540,000 is conditional on LandCorp receiving possession of vacant land currently leased by LandCorp to the City which is due to expire in December 2007.

26 BORROWINGS

	Actual 2007	Adopted Budget 2007	Actual 2006
	\$	\$	\$
Opening Balance	3,671,507	3,671,507	3,000,000
New Borrowings	-	-	900,000
Interest Charged	209,515	205,717	180,794
Loan Repayments	(519,540)	(515,922)	(409,287)
Capital Repayment	(310,025)	(310,205)	(228,493)
Closing Balance	<u>3,361,482</u>	<u>3,361,302</u>	<u>3,671,507</u>
Current	328,483	310,205	310,025
Non-Current	3,032,999	2,740,892	3,361,482
	<u>3,361,482</u>	<u>3,051,097</u>	<u>3,671,507</u>

27 After Balance Date Events

Authorised by Council, the Chief Executive Officer on 6 July 2007 approved a contractual arrangement with Duwal Constructions for the development the City's Works Depot at a site located on Ocean Reef Road. The City obligation under the contract amounts to \$4,962,739 and the total cost committed by the City for this project is \$6.7m.

At its meeting held on 17 September 2007 Council resolved to Acknowledge and accept the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of Mindarie Regional Council (MRC) for its contractual liability to the Contractor undertaking the development of the Resource Recovery Facility. The extent of the Council contingent liability is proportional and several (not joint and several) and is limited to 1/6 of any subsequent payment to the Contractor. The maximum amount that may be payable by the Council under the Guarantee is 1/6 of \$88.2m amounting to \$14.7m. The term of the guarantee is 20 years unless MRC liability under the agreement with the contractor is fully extinguished earlier.

28 Revaluation of Assets

During the reporting year the City undertook a revaluation of its road network infrastructure. The revaluation resulted in a net revaluation increase of \$25,615,714 which has been credited directly to the assets revaluation reserve in equity. There was no previous revaluation decrement recognised in profit and loss.

The road network revaluation was conducted in June 2007 by " Opus International Consultants" , an independent provider of infrastructure assets management and valuation firm with global operation.

The revaluation rates used for different components of road construction was based on recent cost incurred by the City, verified against current market rates, including those recently incurred by other Metropolitan Councils.

ADDITIONAL DISCLOSURES FOR LOCAL GOVERNMENT

PERFORMANCE MEASUREMENTS

	2004/2005	2005/2006	2006/2007
a) Current Ratio	1.66	1.85	1.52
b) Debt Ratio	0.02	0.03	0.03
c) Debt Service Ratio	-	-	0.01
d) Rate Coverage Ratio	0.63	0.57	0.63
e) Outstanding Rates	0.03	0.03	0.02
f) Gross Debt to Economically Realisable Assets Ratio	0.01	0.01	0.03
g) Gross Debt to Revenue Ratio	0.04	0.04	0.05
g) Untied Cash to Unpaid Trade Creditors	5.42	6.19	5.74

Formulae for calculation of ratios:

- a) **Current Ratio**

$$\frac{\text{Current Assets minus Restricted Assets}}{\text{Current Liabilities minus Liabilities Associated with Restricted Assets}}$$
- b) **Debt Ratio**

$$\frac{\text{Total Liabilities}}{\text{Total Assets}}$$
- c) **Debt Service Ratio**

$$\frac{\text{Debt Service Costs}}{\text{Available Operating Revenue}}$$
- d) **Rate Coverage Ratio**

$$\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$$
- e) **Outstanding Rates**

$$\frac{\text{Rates Outstanding}}{\text{Rates Collectable}}$$
- f) **Gross Debt to Economically Realisable Assets Ratio**

$$\frac{\text{Gross Debt}}{\text{Economically Realisable Assets}}$$
- g) **Gross Debt to Revenue Ratio**

$$\frac{\text{Gross Debt}}{\text{Total Revenue}}$$
- h) **Untied Cash to Unpaid Trade Creditors Ratio**

$$\frac{\text{Untied Cash}}{\text{Unpaid Trade Creditors}}$$