

# **PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**

**ABN: 59 704 995 092**

**Financial Report For The Year Ended**

**30 June 2024**

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL  
COUNCIL**

**ABN: 59 704 995 092**

**Financial Report For The Year Ended  
30 June 2024**

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**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**

**ABN: 59 704 995 092**

**Prospective Council Certificate**

**For The Year Ended 30 June 2024**

We have been authorised by the Prospective Council to certify the financial statements in their final form. In our opinion:

(a) the accompanying financial statements comply with the Local Government Act 2019 , Local Government General Regulations 2021 and Australian Accounting Standards.

(b) the financial statements present a true and fair view of the Council's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year.

(c) internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the year.

(d) the financial statements accurately reflect the Council's accounting and other records



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Michael Malouf - Constituting Member

Dated 20/11/2024



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Peter Ball - CFO

Dated

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>INCOME</b>			
Grants and contributions	2A	1,000,000	300,000
Interest income		30,677	115
<b>TOTAL INCOME</b>		<u>1,030,677</u>	<u>300,115</u>
<b>EXPENSES</b>			
Operating expenses	3A	679,321	62,699
<b>TOTAL EXPENSES</b>		<u>679,321</u>	<u>62,699</u>
<b>NET SURPLUS</b>		<u><u>351,356</u></u>	<u><u>237,416</u></u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>351,356</u></u>	<u><u>237,416</u></u>

The accompanying notes form part of these financial statements.

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash at Bank	4	2,709,184	235,548
Trade and Other Receivables	5	-	5,868
<b>TOTAL CURRENT ASSETS</b>		<b>2,709,184</b>	<b>241,416</b>
<b>NON-CURRENT ASSETS</b>			
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>2,709,184</b>	<b>241,416</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	220,412	4,000
Contract liabilities	7	1,900,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,120,412</b>	<b>4,000</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,120,412</b>	<b>4,000</b>
<b>NET ASSETS</b>		<b>588,772</b>	<b>237,416</b>
<b>EQUITY</b>			
Retained Earnings		588,772	237,416
<b>TOTAL EQUITY</b>		<b>588,772</b>	<b>237,416</b>

The accompanying notes form part of these financial statements.

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**STATEMENT OF WORKING CAPITAL**  
**AS AT 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash at Bank	4	2,709,184	235,548
Trade and Other Receivables	5	-	5,868
<b>TOTAL CURRENT ASSETS</b>		<b>2,709,184</b>	<b>241,416</b>
<b>Less:</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	220,412	4,000
Contract liabilities	7	1,900,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,120,412</b>	<b>4,000</b>
<b>NET CURRENT ASSETS</b>		<b>588,772</b>	<b>237,416</b>
<b>CURRENT RATIO</b>		<b>1.28</b>	<b>60.35</b>

The accompanying notes form part of these financial statements.

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Retained Earnings	Total Equity
	\$	\$
<b>Balance at 1 July 2022</b>	-	-
<b>Comprehensive income:</b>		
Surplus for the year	237,416	237,416
Other comprehensive income for the year	-	-
<b>Total comprehensive income</b>	237,416	237,416
<b>Balance at 30 June 2023</b>	<b>237,416</b>	<b>237,416</b>
<b>Balance at 1 July 2023</b>	237,416	237,416
<b>Comprehensive income:</b>		
Surplus for the year	351,356	351,356
Other comprehensive income for the year	-	-
<b>Total comprehensive income</b>	351,356	351,356
<b>Balance at 30 June 2024</b>	<b>588,772</b>	<b>588,772</b>

The accompanying notes form part of these financial statements.

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants and contributions receipts		2,900,000	300,000
Interest received		30,677	115
Payments to suppliers and employees		(457,041)	(64,567)
Net cash provided by operating activities	10	<u>2,473,636</u>	<u>235,548</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash (used in) investing activities		<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash held		2,473,636	235,548
Cash and cash equivalents at beginning of the financial year		235,548	-
Cash and cash equivalents at end of the financial year	14	<u>2,709,184</u>	<u>235,548</u>

The accompanying notes form part of these financial statements.



**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024**

The financial statements cover the Prospective Groote Archipelago Regional Council as an individual entity, incorporated and domiciled in Australia. The Prospective Groote Archipelago Regional Council is operating pursuant to the *NT Local Government Act 2019* and *NT Local Government (General) Regulations 2021*.

The financial statements were authorised for issue on November 2024 by the Executives of the Council.

**Note 1 Material Accounting Policy Information**

The accounting policies that are material to the Prospective Council are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

**New Or Amended Accounting Standards and Interpretations Adopted**

The Prospective Council has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the requirements of the *Local Government Act 2019*, *Local Government (General) Regulations 2021* and other authoritative pronouncements of the Australian Accounting Standard Board.

**Material Accounting Policies**

**(a) Revenue and Other Income Recognition**

The Prospective Council recognises revenue as follows :

**Revenue from Contracts With Customers**

Revenue is recognised at an amount that reflects the consideration to which the Prospective Council is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Prospective Council identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

**Capital Grant**

When the Prospective Council receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Prospective Council recognises income in profit or loss when or as the Prospective Council satisfies its obligations under the terms of the grant.

**Note 1 Material Accounting Policy Information (Cont.)**

**Material Accounting Policies (Cont.)**

**(a) Revenue and Other Income Recognition (Cont.)**

**Rates**

Rates are recognised as revenue when the Prospective Council obtains control over the asset comprising the receipt.

Rates are an enforceable debt linked to rateable property that will be recovered when the property is sold, and therefore control normally passes at the time of levying, or where earlier upon receipt of rates paid in advance. The rating period and reporting period for the Prospective Council coincide and accordingly, all rates levied for the year are recognised as revenue.

Uncollected rates are recognised as receivables.

**Interest Income**

Interest income is recognised using the effective interest method.

**Donation Income**

Donations and bequests are recognised as revenue when received.

**(b) Impairment of Financial Assets**

The Prospective Council recognises a loss allowance for expected credit losses on :

- financial assets that are measured at amortised cost or fair value through other comprehensive income; and
- contract assets (eg amount due from customers under contracts).

The Prospective Council uses the following approach to impairment, as applicable under AASB 9 : Financial Instruments:

- the simplified approach.

**Simplified Approach**

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

The approach is applicable to:

- trade receivable; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivable is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

**Recognition of Expected Credit Losses in Financial Statements**

At each reporting date, the Prospective Council recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

**Note 1 Material Accounting Policy Information (Cont.)**

**Material Accounting Policies (Cont.)**

**(c) Impairment of Non Financial Assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(e) Trade and Other receivables**

Trade and other receivables include amounts due from clients for fees and goods and services provided, from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for measurement. Refer to Note 1(e) for further discussions on the determination of impairment losses.

**(f) Goods and Services Tax (GST)**

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 the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are 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 included in receipts from customers or payments to suppliers.

**(g) Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

**(h) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Prospective Council during the reporting period that remain unpaid at the end of the reporting period. Trade payables are recognised at their transaction price. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(i) Contract Liabilities**

Contract liabilities represent the Prospective Council's obligation to transfer goods or services to a customer or complete required performance obligations and are recognised when a customer pays consideration, or when the Prospective Council recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Prospective Council has transferred the goods or services to the customer and or completed required performance obligations.

**Note 1 Material Accounting Policy Information (Cont.)**

**Material Accounting Policies (Cont.)**

**(j) Provisions**

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

**(k) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(l) Critical Accounting Estimates, Judgements and Assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Key Estimates**

**(i) Impairment- General**

The Prospective Council assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Prospective Council that may be indicative of impairment triggers.

***Impairment of accounts receivable***

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. Provision for impairment of receivables at 30 June 2024 and at 30 June 2023, amounted to nil.

**Key judgments**

**(i) Performance Obligations Under AASB 15**

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature / type, cost /value, quantity and the period of transfer related to the goods or services promised.

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

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

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

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

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

**Note 1 Material Accounting Policy Information (Cont.)**

**Material Accounting Policies (Cont.)**

**(m) Fair Value of Assets and Liabilities (Cont.)**

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

The fair value of liabilities and the Prospective Council's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

**(n) Economic Dependence and Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Prospective Council is dependent upon the ongoing receipt of grants from the Northern Territory Government to ensure the continuance of its activities. At this date of this report management has no reason to believe that Prospective Council will not continue to receive funding support from the Government.

**(o) New and Amended Accounting Standards and Policies Adopted By The Prospective Council**

AASB 2021-2: Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates.

The Prospective Council adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of "material accounting policy information" rather than "significant accounting policies" in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.

AASB 2021-6 amends AASB 1049 and AASB 1060 to require disclosure of 'material accounting policy information' rather than "significant accounting policies" in an entity's financial statements. It also amends AASB 1054 to reflect the updated terminology used in AASB 101 as a result of AASB 2021-2. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards.

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

The adoption of the amendment did not have a material impact on the financial statements.

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024**

<b>Note 2</b>	<b>Revenue and Other Income</b>			
		<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
<b>2A</b>	<b>Grants and Contributions</b>			
	<i>Northern Territory Government operating grants</i>			
	General purpose component		1,000,000	300,000
	<b>Total grants and contributions</b>		<u>1,000,000</u>	<u>300,000</u>
<b>Note 3</b>	<b>Expenses</b>			
		<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
<b>3A</b>	<b>Operating expenses</b>			
	Accounting and bookkeeping		42,044	-
	Audit		4,000	4,000
	Constituting Member, executives and other consultants		491,547	52,800
	Legal fees		83,699	-
	Local Authority remuneration		3,600	-
	Staff recruitment and relocation		20,300	-
	Travel and accomodation		19,846	5,879
	Other expenses		14,285	20
	<b>Total operating expenses</b>		<u>679,321</u>	<u>62,699</u>
<b>Note 4</b>	<b>Cash at Bank</b>			
	<b>CURRENT</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
	Cash at Bank		2,709,184	235,548
	<b>Total Cash on Hand</b>		<u>2,709,184</u>	<u>235,548</u>
	Restricted cash and cash equivalents summary			
	<i>Purpose</i>			
	<b>External restrictions</b>			
	Included in liabilities			
	Contract liability	7	1,900,000	-
	Included in revenue		300,000	
	<b>Total external restrictions</b>		<u>2,200,000</u>	<u>-</u>
	<b>Internal restrictions</b>			
	Included in liabilities			
	Employee leave entitlements		-	-
	<b>Total external restrictions</b>		<u>-</u>	<u>-</u>
	<b>Total unrestricted</b>		509,184	235,548
	<b>Total Cash on Hand</b>	10(a), 14	<u>2,709,184</u>	<u>235,548</u>

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024**

<b>Note 5</b>	<b>Trade and Other Receivables</b>			
		<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
	<b>CURRENT</b>			
	<b>Receivables :</b>			
	<b>Other Receivables :</b>			
	GST (net) receivable		-	5,868
	Accrued interest		-	-
	<b>Total Other receivables</b>		-	5,868
	<b>Total current trade and other receivables</b>	13, 14	-	5,868

The Prospective Council's normal credit term is 30 days. No interest is charged for the first 30 days from the date of invoice.

<b>Note 6</b>	<b>Trade and Other Payables</b>			
			<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
	<b>CURRENT</b>			
	Trade creditors		38,637	-
	Sundry creditors and accrued expenses		88,668	4,000
	GST (net) payable		93,107	-
	<b>Total Trade and Other Payables</b>		220,412	4,000
	(a) Financial liabilities at amortised cost are classified as trade and other payables.			
	<b>Trade and other payables:</b>			
	— Total Current		220,412	4,000
	— Total Non Current		-	-
	<b>Total trade and other payables</b>		220,412	4,000
	<b>Financial liabilities as trade and other payables</b>	13, 14	220,412	4,000

<b>Note 7</b>	<b>Other Contract Liabilities</b>			
			<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
	<b>CURRENT</b>			
	Contract Liabilities - ARAC contribution		1,500,000	-
	Contract Liabilities - grant funded programmes		400,000	-
	<b>Total Other Contract Liabilities</b>		1,900,000	-

(b) Contract liabilities - movement in amounts :		<b>2024</b>	<b>2023</b>
		<b>\$</b>	<b>\$</b>
Balance at the beginning of the year		-	-
Additions: Grants and contributions for which performance obligations will only be satisfied in subsequent years		1,900,000	-
Expended : Grants acquitted or utilised during the year		-	-
Closing balance		1,900,000	-

**PROSPECTIVE GROOTE ARCHIPELAGO REGIONAL COUNCIL**  
**ABN: 59 704 995 092**  
**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024**

**Note 8 Key Management Personnel Compensation**

The Key Management Personnel of the Prospective Council include the Constituting Member, Transition Manager and Interim CFO, as defined by AASB 124 Related Parties Disclosure. In all, 11 (7 Local Advisory Committee) persons were paid during the year:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Constituting Member and Executive Team	492,393	58,679
Local Advisory Committee	2,150	-
<b>Total Key Management Remuneration</b>	<b>494,543</b>	<b>58,679</b>

**Note 9 Other Related Party Disclosure**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel or individual or collectively with their close family members.

There were no other related party transactions in 2024 (2023 :\$Nil).

**Note 10 Cash Flow Information**

		<b>2024</b>	<b>2023</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash and cash equivalents to Statement of Cash Flows :</b>			
Cash at bank	4	2,709,184	235,548
<b>Total cash as stated in the Statement of cash flows</b>		<b>2,709,184</b>	<b>235,548</b>
<b>(b) Reconciliation of Cash Flow from Operating Activities with Current Year Profit</b>			
Profit for the current year		351,356	237,416
<b>Non-cash flows:</b>			
Depreciation and amortisation expense		-	-
Gain/ (losses) on disposal of property, plant and equipment		-	-
Interest expense on lease liabilities		-	-
<b>Changes in assets and liabilities:</b>			
Decrease/(increase) in trade and other receivables		5,868	(5,868)
Increase in trade and other payables		216,412	4,000
Increase in other contract liabilities		1,900,000	-
<b>Net cash provided by operating activities</b>		<b>2,473,636</b>	<b>235,548</b>



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**Note 11      Contingent Liabilities and Contingent Assets**

The Prospective Council has no Contingent Liabilities and Contingent Assets as at 30 June 2024 (2023:\$Nil).

**Note 12      Events After the Reporting Period**

The Constituting Member is not aware of any significant events since the end of the reporting period that have significantly affected, or may significantly affect the Prospective Council's operations, the results of those operations, or the Prospective Council's state of affairs in future financial years. The Constituting Member notes that the election for the Groote Archipelago Regional Prospective Council is scheduled for the 15 March 2025. As of 4 November 2024, the Prospective Council has also appointed a Chief Executive Officer.

**Note 13      Financial Risk Management**

The Prospective Council's financial instruments consist mainly of deposits with banks accounts, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	<b>Note</b>	<b>2024 \$</b>	<b>2023 \$</b>
<b>Financial assets</b>			
Cash at bank	4	2,709,184	235,548
Trade and other receivables	5	-	5,868
<b>Total financial assets</b>		<u>2,709,184</u>	<u>241,416</u>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
Trade and other payables	6	220,412	4,000
<b>Total financial liabilities</b>		<u>220,412</u>	<u>4,000</u>

**Financial Risk Management Policies**

Management is responsible for mentoring and managing the Prospective Council's compliance with its risk management strategy. The committee's overall risk management strategy is to assist the Prospective Council in meeting its financial targets whilst minimising potential adverse effects on financial performance. These include credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the Prospective Council is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There has been no substantive change in the types of risk the Prospective Council is exposed to, how these risks arise, management's objectives, policies and procedures for managing or measuring risks from the previous period.

**Note 13 Financial Risk Management (Cont.)**

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Prospective Council.

**Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Legislative restrictions on Prospective Council's investment powers effectively limit investments to financial instruments issued or guaranteed by Australian Governments, banks and authorised deposit taking institutions. Rates and other receivables are monitored on an ongoing basis with the result that the Prospective Council's exposure to bad debts is not significant.

The Prospective Council has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 6.

**b. Liquidity risk**

Liquidity risk arises from the possibility that the Prospective Council might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Prospective Council manages this risk through the following mechanisms:

- > preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities.
- > maintaining short term investments to cater for unexpected volatility in cash flows.
- > monitoring the ageing of receivables and payables.
- > maintaining a reputable credit profile.
- > managing credit risk related to financial assets.
- > only investing surplus cash with major financial institutions.

**c. Market risk**

**Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Prospective Council is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Prospective Council to interest rate risk are limited to cash and cash equivalents.

The Prospective Council also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

**(ii) Sensitivity analysis**

The following table illustrates sensitivities to the Prospective Council's exposures to changes in interest. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2024	2023
	\$	\$
<b>Surplus \$</b>		
<b>(+/- 1% in interest rates)</b>	14,724	2,355

No sensitivity analysis has been performed on foreign exchange risk as the entity has no material exposures.

Refer to Note 14 for detailed disclosures regarding the fair value measurements of the Prospective Council financial assets.

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**Note 14 Fair Values Measurements**

**Fair value estimation**

The Prospective Council measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- freehold land and buildings.

The Prospective Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities on a non-recurring basis.

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

		2024		2023	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash on hand and at bank	4,13	2,709,184	2,709,184	235,548	235,548
Trade and other receivables	5,13	-	-	5,868	5,868
Total financial assets		<u>2,709,184</u>	<u>2,709,184</u>	<u>241,416</u>	<u>241,416</u>
<b>Financial liabilities</b>					
Trade and other payables	6,13	220,412	220,412	4,000	4,000
Total financial liabilities		<u>220,412</u>	<u>220,412</u>	<u>4,000</u>	<u>4,000</u>

- (i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.
- (ii) Lease liabilities fair values are assessed on an annual basis by Management and the Directors. Current available data is used in assessing their carrying and fair values.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

**Note 15 Prospective Council Details**

Prospective Groote Archipelago Regional Prospective Council was established by the Minister for Local Government on 16 August 2022 with the name Prospective Warnindilyakwa Regional Prospective Council, under section 19 of the Local Government Act 2019 (NT). On 18 July 2023, the Minister amended the name to Prospective Groote Archipelago Regional Prospective Council.

**The Principal place of business is:**

Level 1 RCG Building, 47 Mitchell Street  
Darwin NT 0800