

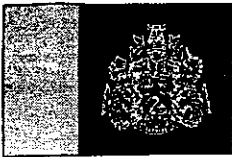
**Annual Financial Report
for the year ended
30 June 2005**

2005

CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

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CITY OF GOSNELLS

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Gosnells being the annual financial report and supporting notes and other information for the financial year ended 30 June 2001 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30 June 2001 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards (except to the extent that these have been varied in the Statement of Accounting Policies required by Australian Accounting Standard AAS 6 "Accounting Policies" and the accompanying notes to the annual financial report) and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 9 day of November 2001.


STUART JARDINE
CHIEF EXECUTIVE OFFICER

CITY OF GOSNELLS

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2005	2005	2004
		\$	Budget	\$
			\$	
REVENUES FROM ORDINARY ACTIVITIES				
Governance		38,917	55,100	60,985
General Purpose Funding		31,658,351	31,219,854	29,285,917
Law, Order, Public Safety		492,874	380,750	462,210
Health		102,914	100,170	108,215
Education and Welfare		765,607	789,028	570,707
Community Amenities		11,485,788	6,858,718	9,489,323
Recreation and Culture		3,052,746	3,547,649	2,604,552
Transport		2,589,260	1,406,680	4,084,001
Economic Services		3,016,108	3,046,608	5,012,233
Other Property and Services		781,975	467,000	629,109
	2	<u>53,984,540</u>	<u>47,871,557</u>	<u>52,307,252</u>
EXPENSES FROM ORDINARY ACTIVITIES				
EXCLUDING BORROWING COSTS EXPENSE				
Governance		2,843,322	3,051,006	2,631,373
General Purpose Funding		791,699	679,769	731,095
Law, Order, Public Safety		1,462,356	1,665,487	1,615,795
Health		825,904	825,544	796,140
Education and Welfare		1,600,397	1,762,247	1,163,075
Community Amenities		6,848,170	7,086,309	7,911,577
Recreation & Culture		16,262,891	17,167,895	15,431,550
Transport		11,897,103	13,178,905	6,977,396
Economic Services		1,869,454	2,038,828	1,415,681
Other Property and Services		1,181,976	642,956	832,525
	2	<u>45,583,272</u>	<u>48,098,946</u>	<u>39,506,207</u>
BORROWING COSTS EXPENSE		0	0	0
NET RESULT		<u>8,401,268</u>	<u>-227,389</u>	<u>12,801,045</u>

This statement is to be read in conjunction with the accompanying notes.

CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2005

	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash Assets	3	37,855,275	34,729,854
Receivables	4	2,297,707	3,548,027
Inventories	5	236,042	200,850
TOTAL CURRENT ASSETS		<u>40,389,024</u>	<u>38,478,731</u>
NON-CURRENT ASSETS			
Receivables	4	678,721	841,701
Property, Plant and Equipment Infrastructure	6	129,545,404	125,336,731
	7	196,604,947	190,988,213
TOTAL NON-CURRENT ASSETS		<u>326,829,072</u>	<u>317,166,645</u>
TOTAL ASSETS		<u>367,218,096</u>	<u>355,645,376</u>
CURRENT LIABILITIES			
Payables	8	11,185,190	6,724,402
Interest-bearing Liabilities	9	0	0
Provisions	10	1,753,390	2,947,984
TOTAL CURRENT LIABILITIES		<u>12,938,580</u>	<u>9,672,386</u>
NON-CURRENT LIABILITIES			
Payables	8	994,165	2,488,798
Interest-bearing Liabilities	9	0	0
Provisions	10	1,897,623	497,732
TOTAL NON-CURRENT LIABILITIES		<u>2,891,788</u>	<u>2,986,530</u>
TOTAL LIABILITIES		<u>15,830,368</u>	<u>12,658,916</u>
NET ASSETS		<u>351,387,728</u>	<u>342,986,460</u>
EQUITY			
Retained Surplus		244,248,022	235,447,037
Reserves - Cash Backed	11	20,717,462	21,117,179
Reserves - Asset Revaluation	12	86,422,244	86,422,244
TOTAL EQUITY		<u>351,387,728</u>	<u>342,986,460</u>

This statement is to be read in conjunction with the accompanying notes.

CITY OF GOSNELLS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2005 \$	2004 \$
RETAINED SURPLUS			
Balance as at 1 July 2004		235,447,037	223,815,440
Net Result		8,401,268	12,801,045
Transfer from/(to) Reserves		399,717	-1,169,448
Balance as at 30 June 2005		<u>244,248,022</u>	<u>235,447,037</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2004		21,117,179	19,947,731
Amount Transferred (to)/from Retained Surplus		-399,717	1,169,448
Balance as at 30 June 2005	11	<u>20,717,462</u>	<u>21,117,179</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2004		86,422,244	31,468,194
Revaluation Increment		0	54,954,050
Revaluation Decrement		0	0
Balance as at 30 June 2005	12	<u>86,422,244</u>	<u>86,422,244</u>
TOTAL EQUITY		<u><u>351,387,728</u></u>	<u><u>342,986,460</u></u>

This statement is to be read in conjunction with the accompanying notes.

**CITY OF GOSNELLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2005**

	NOTE	2005 \$	2005 Budget \$	2004 \$
Cash Flows From Operating Activities				
Receipts				
Rates		26,495,000	27,314,650	24,269,109
Grants and Subsidies - operating		3,250,575	3,230,255	3,282,401
Contributions, Reimbursements & Donations		4,610,415	755,336	641,100
Service Charges		349,074	0	0
Fees and Charges		10,566,347	10,466,499	10,582,136
Interest Earnings		2,854,005	1,965,000	2,330,769
Goods and Services Tax		4,635,887	0	0
Other		402,558	269,500	279,480
		<u>53,163,861</u>	<u>44,001,240</u>	<u>41,384,995</u>
Payments				
Employee Costs		(17,222,506)	(15,584,601)	(17,419,062)
Materials and Contracts		(9,564,574)	(16,336,133)	(8,554,144)
Utilities (gas, electricity, water, etc)		(2,066,779)	(2,048,210)	(2,016,097)
Insurance		(963,662)	(1,081,463)	(965,860)
Interest		0	0	0
Goods and Services Tax		(4,588,662)	0	0
Other		(581,895)	(415,027)	(959,408)
		<u>(34,988,078)</u>	<u>(35,465,434)</u>	<u>(29,914,571)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>18,175,783</u>	<u>8,535,806</u>	<u>11,470,424</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(11,198,253)	(6,146,322)	(11,172,737)
Payments for Construction of Infrastructure		(12,254,899)	(22,946,599)	(10,986,508)
Grants/Contributions for the Development of Assets		4,930,409	5,313,520	10,445,954
Proceeds from Sale of Plant & Equipment		3,472,381	4,510,890	3,245,186
		<u>3,472,381</u>	<u>4,510,890</u>	<u>3,245,186</u>
Net Cash Provided By (Used In) Investing Activities		<u>(15,050,362)</u>	<u>(19,268,511)</u>	<u>(8,468,105)</u>
Cash Flows from Financing Activities		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash Held		3,125,421	(10,732,705)	3,002,319
Cash at Beginning of Year		34,729,854	32,143,559	31,727,535
Cash at End of Year	13(a)	<u><u>37,855,275</u></u>	<u><u>21,410,854</u></u>	<u><u>34,729,854</u></u>

This statement is to be read in conjunction with the accompanying notes.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and the Local Government Act 1995 (as amended) and the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

(b) The Local Government Reporting Entity

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

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation or amortisation.

The value of all infrastructure assets (other than land under roads) has been recorded in the Statement of Financial Position. Bridges and land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2001, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets (other than roads) that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2001.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on first application of the Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

(e) Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	20 to 30 years
original surfacing and	
major re-surfacing	
- bituminous seals	30 years
- asphalt seals	30 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years
Sewerage Piping	100 years
Water Supply & Drainage Piping	50 years

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and operating statement.

Information about the joint venture is set out in Note 16.

(j) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries and Annual Leave

The provision for employees' benefits to wages, salaries and annual leave represents the amount that the municipality has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave

The provision for employees' benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(k) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(e). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(l) Superannuation

The City of Gosnells contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest Rate Risk

The City's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 22(e).

(n) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The City does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the City.

(o) Net Fair Values

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

(p) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(q) Comparative Figures

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

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. REVENUES AND EXPENSES	2005	2004
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Significant Expense	Nil	Nil
Auditors Remuneration		
- Audit	8,740	20,020
- Other Services	2,200	0
Bad and Doubtful Debts		
Rates	0	0
Sundry Debtors	0	0
Depreciation		
Buildings	1,657,227	1,334,036
Furniture and Equipment	590,386	556,077
Plant and Equipment	1,213,680	1,313,007
Roads & Footpaths	5,564,636	2,650,935
Bridges	172,037	143,301
Drainage	845,190	411,829
Car Parks	154,278	65,863
Park Development	477,258	386,700
Play Equipment	193,607	119,054
Street Furniture	46,395	11,439
Other Infrastructure	152,160	15,374
	<u>11,066,854</u>	<u>7,007,615</u>
Rental Charges		
- Operating Leases	<u>131,364</u>	<u>131,364</u>
(ii) Crediting as Revenue:		
	2005	2005
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	1,023,712	990,000
- Other Funds	1,560,445	935,000
Other Interest Revenue (refer note 27)	286,435	375,203
	<u>2,870,592</u>	<u>2,300,203</u>
	<u>2,870,592</u>	<u>2,617,965</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. REVENUES AND EXPENSES (Continued)

(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type	2005 \$	2004 \$
Revenues from Ordinary Activities		
Rates (refer note 23)	26,093,042	24,092,381
Grants and Subsidies - operating (refer note 29)	3,250,575	3,282,401
Grants and Subsidies - non-operating (refer note 29)	4,930,409	10,445,954
Contributions Reimbursements and Donations	4,610,415	786,712
Profit on Asset Disposals (refer note 20)	1,548,727	3,245,186
Service Charges (refer note 25)	349,074	0
Fees and Charges (refer note 28)	9,929,148	10,543,633
Interest Earnings (refer note 2(a))	2,870,592	2,342,753
Other Revenue	402,558	187,938
	<u>53,984,540</u>	<u>54,926,958</u>
Expenses from Ordinary Activities		
Employee Costs	17,447,151	17,644,836
Materials and Contracts	12,819,694	10,275,866
Utilities (gas, electricity, water, etc)	2,066,779	2,016,096
Depreciation on Non-current Assets (refer note 2(a))	11,066,854	7,007,614
Loss on Asset Disposals (refer note 20)	637,237	3,256,234
Insurance	963,662	965,860
Other	581,895	959,407
	<u>45,583,272</u>	<u>42,125,913</u>
Interest/Borrowing Costs (refer Note 2(c))	0	0
	<u>45,583,272</u>	<u>42,125,913</u>
 (c) Borrowing Costs Expense		
Comprises:		
Finance Lease Charges	0	0
Debentures (refer Note 22(a))	0	0
	<u>0</u>	<u>0</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

2. REVENUES AND EXPENSES (Continued)

(d) Statement of Objective

The City of Gosnells is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Administration and operation of facilities and services to members of Council and other costs relating to assistance to members.

GENERAL PURPOSE FUNDING

Rates, government grants and interest revenue, collection and administration

LAW, ORDER, PUBLIC SAFETY

Supervision of by-laws, fire prevention, emergency services and animal control

HEALTH

Enforcement of food quality standards, pest control, immunisation and child health services.

EDUCATION AND WELFARE

Operation of senior citizen and day care centres, pre school, playgroup assistance and other voluntary services

COMMUNITY AMENITIES

Rubbish collection and recycling programmes, tip operation, noise control, town planning storm water drainage maintenance.

RECREATION AND CULTURE

Ensure availability of halls, aquatic centre, recreation and sportsgrounds and libraries.

TRANSPORT

Construction and maintenance of roads and bridges and lighting and clean streets.

ECONOMIC SERVICES

Promotion of tourism and the area together with regulation of building

OTHER PROPERTY & SERVICES

Private works operation, plant repairs and general operations costs.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

	2005	2004
	\$	\$
(e) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (i.e. opening balances).	Nil	Nil
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Westfield Skate Park	37,416	0
Westfield Reserve - Wheeled Sports Facility	40,000	0
Resurface Langford Oval Netball Courts - Stage 1	52,750	0
Yale Road Bicycle Lane - Spencer Rd to Garden St Traffic Management	1,500	0
Campbell/Shreeve Road - Construct roundabout	57,456	0
Fremantle Rd to Lissiman St - Anti skid treatment & improve signage	4,600	0
Fremantle Rd to King St Traffic Islands State Black Spot	24,000	0
Westfield St to Pitchford Rd Avenue State Black Spot	52,800	0
Thornlie Avenue - opp Thornlie Business Centre State Black Spot	64,000	0
Upgrade of on-Street parking Facilities around existing schools	1,100	0
Nicholson Rd - Garden Street to Hughes Street Road Improvements	920,140	0
Burslem Drive - Pedestrian Underpass Road Improvements	23,273	0
East Kenwick Primary School Road Improvements	22,120	0
Bridge Road Developer Funded Road Improvements	7,852	0
Garden St/Forest Lakes Drive Traffic Signals State Black Spot	120,000	0
Ranford Rd/Campbell Rd Traffic Lights State Black Spot	96,000	0
Dorothy St/Hicks St Roundabout & Medians State Black Spot	24,000	0
Dorothy Street Median Island Channalisation State Black Spot	8,000	0
Thornlie Drive/Culross Ave Median Island State Black Spot	3,200	0
Matilda Street Pedestrian Island Modification State Black Spot	26,667	0
Burslem Drive South of Olga Road State Black Spot	20,000	0
Spencer Road Warton Rd to Regal Dr State Black Spot	32,000	0
Dorothy St/Digby St Intersection Lights State Black Spot	12,000	0
William St/Streathan St Roundabout State Black Spot	32,000	0
Spencer Rd - Warton to Denham State Black Spot	9,600	0
Brixton St Pedestrian Island State Black Spot	24,000	0
Kenwick Rd / Bickley Rd Road Rehabilitation	17,270	0
William Street Road Rehabilitation	270,396	0
CPTED	15,809	0
Community Consultation	10,782	0
Smoke Detectors	615	0
Sensor light	3,534	0
Smoke Detectors	615	0
Sensor light	4,771	0
Holiday Program	5,171	0
Early Years Development	15,499	0
Youth Development Holiday Program	1,000	0
Safe Places - Indigenous Youth Service	3,050	0

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

	2005	2004
	\$	\$
(e) Conditions Over Contributions (contribution)		
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Work for the Dole	45,000	0
Switch your thinking Project	38,516	0
Fire Management Plan	4,500	0
Dialogue with the City Initiative	24,598	0
	<u>2,177,600</u>	<u>0</u>
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
	Nil	Nil
Closing balances of unexpended grants	<u>2,177,600</u>	<u>0</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
3. CASH ASSETS		
Unrestricted	14,960,215	13,612,675
Restricted	22,895,060	21,117,179
	<u>37,855,275</u>	<u>34,729,854</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves	20,717,460	21,117,179
Unspent Grants	2,177,600	0
	<u>22,895,060</u>	<u>21,117,179</u>
 4. RECEIVABLES		
Current		
Rates Outstanding	556,846	965,556
GST Receivable	611,795	659,020
Prepaid Expenditure	47,419	132,509
Accrued Interest	64,200	47,613
Sundry Debtors	1,126,781	1,852,663
Less - Provision for Doubtful Debts	-109,334	-109,334
	<u>2,297,707</u>	<u>3,548,027</u>
 Non-Current		
Rates Outstanding - Pensioners	678,721	671,969
Other Debtors	0	169,732
	<u>678,721</u>	<u>841,701</u>
 5. INVENTORIES		
Current		
Fuel and Materials	236,042	200,850
	<u>236,042</u>	<u>200,850</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	3,571,892	0
Land - Valuation	32,494,171	33,969,171
	<u>36,066,063</u>	<u>33,969,171</u>
Buildings - Cost	14,838,927	10,583,425
Buildings - Valuation	72,328,000	72,328,000
Less Accumulated Depreciation	-2,983,472	-1,326,079
	<u>84,183,455</u>	<u>81,585,346</u>
Furniture and Equipment - Cost	4,036,693	4,240,661
Less Accumulated Depreciation	-2,128,334	-2,118,502
	<u>1,908,359</u>	<u>2,122,159</u>
Plant and Equipment - Cost	12,785,996	10,968,841
Less Accumulated Depreciation	-5,471,990	-3,382,307
	<u>7,314,006</u>	<u>7,586,534</u>
Miscellaneous Tools	58,057	58,057
	<u>58,057</u>	<u>58,057</u>
Local Government House	15,464	15,464
	<u>15,464</u>	<u>15,464</u>
	<u>129,545,404</u>	<u>125,336,731</u>

Valuations of Land and Buildings Measured at Cost Basis

In accordance with the requirements of AAS36 'Statement of Financial Position' the current valuation of land and buildings disclosed above and measured on the cost basis is as follows:

Current Valuation:

Land	35,360,000
Buildings	72,762,000

The above valuation is a management valuation based on the written down replacement cost of all of Council's land and buildings as at 30 June 2003.

It is not considered independent in nature.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Furniture & Equipment	Plant & Equipment	Miscellaneous Tools	Local Government House	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2004	33,969,171	81,585,346	2,122,159	7,586,534	58,057	15,464	125,336,731
Additions	3,361,141	3,345,213	582,649	1,525,092	0	0	8,814,095
(Disposals)	-1,475,000	0	-749,926	-1,007,746	0	0	-3,232,672
Revaluation - Increments	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0
Write-downs	0	0	467,666	204,115	0	0	671,781
Depreciation (Expense)	0	-1,657,227	-590,386	-1,213,680	0	0	-3,461,293
Other Movements	210,751	910,123	76,197	219,691	0	0	1,416,762
Balance as at 30 June 2005	<u>36,066,063</u>	<u>84,183,455</u>	<u>1,908,359</u>	<u>7,314,006</u>	<u>58,057</u>	<u>15,464</u>	<u>129,545,404</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
7. INFRASTRUCTURE		
Roads & Footpaths - Cost	143,692,129	125,678,996
Less Accumulated Depreciation	<u>-16,045,118</u>	<u>-11,443,554</u>
	127,647,011	114,235,442
Bridges - Cost	8,618,331	8,420,867
Less Accumulated Depreciation	<u>-778,463</u>	<u>-604,223</u>
	7,839,868	7,816,644
Drainage - Cost	43,451,775	41,181,377
Less Accumulated Depreciation	<u>-2,574,796</u>	<u>-1,729,605</u>
	40,876,979	39,451,772
Car Park Development - Cost	3,045,876	3,055,974
Less Accumulated Depreciation	<u>-425,073</u>	<u>-270,809</u>
	2,620,803	2,785,165
Parks Development - Cost	17,130,561	11,495,623
Less Accumulated Depreciation	<u>-2,200,551</u>	<u>-1,737,368</u>
	14,930,010	9,758,255
Play Equipment - Cost	1,795,572	1,599,318
Less Accumulated Depreciation	<u>-801,519</u>	<u>-600,351</u>
	994,053	998,967
Street Furniture - Cost	463,967	463,967
Less Accumulated Depreciation	<u>-109,732</u>	<u>-63,337</u>
	354,235	400,630
Other Infrastructure - Cost	1,542,667	1,289,778
Less Accumulated Depreciation	<u>-200,679</u>	<u>-48,518</u>
	1,341,988	1,241,260
Work In Progress - Cost	0	14,300,078
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	0	14,300,078
	<u>196,604,947</u>	<u>190,988,213</u>

The valuations of the municipality's infrastructure were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads and Footpaths \$	Bridges \$	Drainage \$	Carparks \$	Parks \$	Play Equipment \$	Street Furniture \$	Other Infrastructure \$	Work In Progress \$	Total \$
Balance as at 1 July 2004	114,235,442	7,816,644	39,451,772	2,785,165	9,758,255	998,967	400,630	1,241,260	14,300,078	190,988,213
Additions	10,357,495	0	1,094,265	0	3,187,296	0	0	0	0	14,639,056
(Disposals)	0	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0	0
Write-downs	0	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	-5,564,636	-172,037	-845,190	-154,278	-477,258	-193,607	-46,395	-152,160	0	-7,605,561
Other Movements	8,618,710	195,261	1,176,133	-10,085	2,461,716	188,693	0	252,888	-14,300,078	-1,416,762
Balance as at 30 June 2005	<u>127,647,011</u>	<u>7,839,868</u>	<u>40,876,980</u>	<u>2,620,802</u>	<u>14,930,009</u>	<u>994,053</u>	<u>354,235</u>	<u>1,341,988</u>	<u>0</u>	<u>196,604,946</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
8. PAYABLES		
Current		
Sundry Creditors	6,799,272	4,745,586
Bonds and other Retentions	3,868,738	927,075
Accruals	244,469	520,615
Income received in advance	272,711	531,126
	<u>11,185,190</u>	<u>6,724,402</u>
Non-Current		
Bonds and other Retentions	994,165	2,488,798
	<u>994,165</u>	<u>2,488,798</u>
9. INTEREST-BEARING LIABILITIES		
Current	Nil	Nil
Non-Current	Nil	Nil
Additional detail on borrowings is provided in Note 22.		
10. PROVISIONS		
Current		
Provision for Annual Leave	1,207,698	1,608,745
Provision for Long Service Leave	545,692	1,339,239
	<u>1,753,390</u>	<u>2,947,984</u>
Non-Current		
Provision for Annual Leave	603,147	0
Provision for Long Service Leave	1,294,476	497,732
	<u>1,897,623</u>	<u>497,732</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2005 Budget \$	2004 \$
11. RESERVES - CASH BACKED			
MGB Plant and Equipment			
Opening Balance	76,318	74,940	578,377
Amount Set Aside / Transfer to Reserve	503,692	443,614	6,318
Amount Used / Transfer from Reserve	0	0	-508,377
	<u>580,010</u>	<u>518,554</u>	<u>76,318</u>
Leisure World - Mechanical/Plant Services			
Opening Balance	218,613	245,531	240,510
Amount Set Aside / Transfer to Reserve	37,662	36,098	13,873
Amount Used / Transfer from Reserve	-9,964	-113,000	-35,770
	<u>246,311</u>	<u>168,629</u>	<u>218,613</u>
Netball Courts - Resurfacing			
Opening Balance	28,089	28,076	26,945
Amount Set Aside / Transfer to Reserve	1,461	760	1,144
Amount Used / Transfer from Reserve	0	-24,666	0
	<u>29,550</u>	<u>4,170</u>	<u>28,089</u>
Performing Arts Centre			
Opening Balance	58,633	59,910	29,350
Amount Set Aside / Transfer to Reserve	18,100	15,992	29,283
Amount Used / Transfer from Reserve	0	0	0
	<u>76,733</u>	<u>75,902</u>	<u>58,633</u>
Waste Disposal Site Development			
Opening Balance	4,759,080	4,749,465	4,558,797
Amount Set Aside / Transfer to Reserve	247,522	229,098	200,283
Amount Used / Transfer from Reserve	0	-1,139,995	0
Equity Transfer from Reserve	<u>5,006,602</u>	<u>3,838,568</u>	<u>4,759,080</u>
Refuse Disposal Site Rehabilitation			
Opening Balance	462,068	531,535	665,925
Amount Set Aside / Transfer to Reserve	54,554	77,180	26,517
Amount Used / Transfer from Reserve	-332,733	-43,618	-230,374
	<u>183,889</u>	<u>565,097</u>	<u>462,068</u>
Hillside Farm Equipment			
Opening Balance	1,576	1,573	1,512
Amount Set Aside / Transfer to Reserve	82	76	64
Amount Used / Transfer from Reserve	0	0	0
	<u>1,658</u>	<u>1,649</u>	<u>1,576</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2005	2004
	\$	Budget	\$
		\$	
11. RESERVES - CASH BACKED (continued)			
Insurance			
Opening Balance	306,273	305,068	511,915
Amount Set Aside / Transfer to Reserve	15,930	14,717	13,455
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>-219,097</u>
	<u>322,203</u>	<u>319,785</u>	<u>306,273</u>
Southern River Contaminated Site Rehabilitation			
Opening Balance	1,908,716	1,859,094	1,162,379
Amount Set Aside / Transfer to Reserve	47,511	1,197,723	840,383
Equity Transfer to Reserve	<u>-1,467,645</u>	<u>-1,528,000</u>	<u>-94,046</u>
Amount Used / Transfer from Reserve	<u>488,582</u>	<u>1,528,817</u>	<u>1,908,716</u>
Building Construction			
Opening Balance	316,016	315,437	288,539
Amount Set Aside / Transfer to Reserve	15,753	13,011	27,477
Amount Used / Transfer from Reserve	<u>-96,000</u>	<u>-23,000</u>	<u>0</u>
	<u>235,769</u>	<u>305,448</u>	<u>316,016</u>
Rate Revaluation			
Opening Balance	30,299	30,278	29,298
Amount Set Aside / Transfer to Reserve	1,576	1,461	1,001
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>31,875</u>	<u>31,739</u>	<u>30,299</u>
Gosnells Town Centre Revitalisation			
Opening Balance	2,539,726	785,527	1,104,687
Amount Set Aside / Transfer to Reserve	110,114	2,065,707	1,435,039
Equity Transfer to Reserve	<u>-2,061,369</u>	<u>-2,646,362</u>	<u>0</u>
Amount Used / Transfer from Reserve	<u>588,471</u>	<u>204,872</u>	<u>2,539,726</u>
Plant and Equipment			
Opening Balance	869,200	1,185,839	1,160,312
Opening Balance	1,111,343	1,127,539	1,186,831
Amount Set Aside / Transfer to Reserve	<u>-510,134</u>	<u>-733,000</u>	<u>-1,477,943</u>
Amount Used / Transfer from Reserve	<u>1,470,409</u>	<u>1,580,378</u>	<u>869,200</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2005 Budget \$	2004 \$
11. RESERVES - CASH BACKED (continued)			
Walter Padbury Park			
Opening Balance	140,357	139,927	99,447
Amount Set Aside / Transfer to Reserve	47,308	43,743	40,910
Amount Used / Transfer from Reserve	0	0	0
	187,665	183,670	140,357
Sutherlands Park			
Opening Balance	144,962	144,387	72,637
Amount Set Aside / Transfer to Reserve	71,902	57,751	72,325
Amount Used / Transfer from Reserve	-129,713	-128,793	0
	87,151	73,345	144,962
Maddington Golf Course (now Harmony Fields)			
Opening Balance	29,419	29,333	11,702
Amount Set Aside / Transfer to Reserve	991,434	16,216	30,717
Amount Used / Transfer from Reserve	-5,926	-11,025	-13,000
	1,014,927	34,524	29,419
Administration Building Construction			
Opening Balance	166,203	230,224	13,244
Amount Set Aside / Transfer to Reserve	8,636	8,747	242,628
Equity Transfer to Reserve	-16,536	-100,000	-89,669
Amount Used / Transfer from Reserve	158,303	138,971	166,203
Public Open Space			
Opening Balance	3,040,225	3,168,448	2,120,389
Amount Set Aside / Transfer to Reserve	2,191,904	414,984	2,071,654
Amount Used / Transfer from Reserve	-2,184,158	0	-1,151,818
	3,047,971	3,583,432	3,040,225
Maddington / Kenwick Revitalisation			
Opening Balance	305,304	304,780	325,970
Amount Set Aside / Transfer to Reserve	13,318	9,313	13,683
Amount Used / Transfer from Reserve	-164,634	-307,048	-34,349
	153,988	7,045	305,304

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2005 Budget \$	2004 \$
11. RESERVES - CASH BACKED (continued)			
Civic Complex			
Opening Balance	214,528	334,904	1,846,305
Amount Set Aside / Transfer to Reserve	1,638,804	728,437	2,160,232
Amount Used / Transfer from Reserve	-1,044,219	-725,080	-3,792,009
Equity Transfer to Reserve	<u>809,113</u>	<u>338,261</u>	<u>214,528</u>
Mills Park			
Opening Balance	19,898	19,843	5,712
Amount Set Aside / Transfer to Reserve	29,581	15,205	14,186
Amount Used / Transfer from Reserve	-20,000	0	0
	<u>29,479</u>	<u>35,048</u>	<u>19,898</u>
Langford Oval Redevelopment			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	13,378	14,513	0
Amount Used / Transfer from Reserve	0	0	0
	<u>13,378</u>	<u>14,513</u>	<u>0</u>
Gosnells Oval Redevelopment			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	15,168	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>15,168</u>	<u>0</u>	<u>0</u>
Development Contributions for Infrastructure			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	45,008	0	0
Equity Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>45,008</u>	<u>0</u>	<u>0</u>
TPS7			
Opening Balance	74,928	69,207	69,877
Amount Set Aside / Transfer to Reserve	3,897	6,714	5,051
Amount Used / Transfer from Reserve	0	0	0
	<u>78,825</u>	<u>75,921</u>	<u>74,928</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2005	2004
	\$	Budget	\$
		\$	
11. RESERVES - CASH BACKED (continued)			
TPS9A			
Opening Balance	995,011	935,914	1,094,224
Amount Set Aside / Transfer to Reserve	51,629	64,114	94,412
Amount Used / Transfer from Reserve	<u>-22,532</u>	<u>-184,806</u>	<u>-193,625</u>
	<u>1,024,108</u>	<u>815,222</u>	<u>995,011</u>
TPS10			
Opening Balance	110,764	110,167	114,288
Amount Set Aside / Transfer to Reserve	5,761	9,944	7,944
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>-11,468</u>
	<u>116,525</u>	<u>120,111</u>	<u>110,764</u>
TPS15			
Opening Balance	673,413	592,724	781,874
Amount Set Aside / Transfer to Reserve	0	79,880	201,944
Amount Used / Transfer from Reserve	<u>-673,413</u>	<u>-163,916</u>	<u>-310,405</u>
	<u>0</u>	<u>508,688</u>	<u>673,413</u>
TPS17			
Opening Balance	643,508	705,174	809,074
Amount Set Aside / Transfer to Reserve	423,871	143,070	82,411
Amount Used / Transfer from Reserve	<u>-256,188</u>	<u>-315,800</u>	<u>-247,977</u>
	<u>811,191</u>	<u>532,444</u>	<u>643,508</u>
TPS20			
Opening Balance	395,284	374,815	247,218
Amount Set Aside / Transfer to Reserve	199,422	42,573	166,066
Amount Used / Transfer from Reserve	<u>-17,485</u>	<u>-50,000</u>	<u>-18,000</u>
	<u>577,221</u>	<u>367,388</u>	<u>395,284</u>
Canning Vale ODP			
Opening Balance	2,298,597	2,302,482	1,557,131
Amount Set Aside / Transfer to Reserve	923,738	990,773	865,523
Amount Used / Transfer from Reserve	<u>-763,570</u>	<u>-3,069,000</u>	<u>-124,057</u>
	<u>2,458,765</u>	<u>224,255</u>	<u>2,298,597</u>
ODP Southern Precinct 5			
Opening Balance	290,171	288,934	282,214
Amount Set Aside / Transfer to Reserve	13,319	57,932	12,957
Amount Used / Transfer from Reserve	<u>-7,315</u>	<u>0</u>	<u>-5,000</u>
	<u>296,175</u>	<u>346,866</u>	<u>290,171</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2005 Budget \$	2004 \$
11. RESERVES - CASH BACKED (continued)			
ODP Southern Precinct 1			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	530,439	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>530,439</u>	<u>0</u>	<u>0</u>
 TOTAL CASH BACKED RESERVES	<u>20,717,462</u>	<u>16,543,312</u>	<u>21,117,179</u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

MGB Plant and Equipment

- acquisition of Mobile Garbage Plant and associated equipment (including bins).

Leisure World - Mechanical/Plant Services

- purchase and/or major repair of plant located at the Leisure World complex.

Netball Courts - Resurfacing

- resurfacing of the Southern Districts Netball Courts in Langford as required.

Performing Arts Centre

- construction and equipping of the City of Gosnells Don Russell Performing Arts Centre.

Waste Disposal Site Development

- replacement of or work to extend the life of the Kelvin Road Refuse Disposal Site and/or funding towards entry cost to a regional site

Refuse Disposal Site Rehabilitation

- rehabilitation of the Kelvin Road Refuse Disposal Site following future closure.

Hillside Farm Equipment

- to fund future purchases of equipment at Hillside Farm.

Insurance

- to provide funds in case of calls on Councils participating in the self-insurance scheme.

Southern River Contaminated Site Rehabilitation

- for expenditure associated with the rehabilitation of the Southern River contaminated site.

Building Construction

- unforeseen refurbishment of Council owned buildings and replacement of major plant located in Council buildings.

Rate Revaluation

- for expenditure associated with the revaluation of properties on which council raises rates.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

11. RESERVES - CASH BACKED (continued)

Gosnells Town Centre Revitalisation

- to fund the cost of redeveloping the Gosnells Town Centre.

Plant and Equipment

- to fund replacement or new acquisition of plant and associated equipment.

Walter Padbury Park

- to provide future works at Walter Padbury park as determined by Council.

Sutherlands park

- to fund future works at Sutherlands Park.

Maddington Golf Course (now known as Harmony Fields)

- to provide future expenditure at Maddington Golf Course (now known as Harmony Fields).

Administration Building Construction

- to fund expenditure on a new Administration Building.

Public Open Space

- to fund infrastructure expenditure arising out of the need to meet our obligations in respect of contributions in lieu of Public Open Space.

Maddington / Kenwick Revitalisation

- to fund the cost of urban renewal in Maddington Kenwick.

Civic Complex

- to partially fund the cost of building the Civic Complex.

Mills Park

- to assist with the development of Mills Park.

Langford oval Redevelopment

- to assist with the development of Langford Oval from phone tower revenues.

Gosnells Oval Redevelopment

- to fund Council's expenditure on Gosnells Oval from the income derived from telco tower leases.

Developer Contributions for Infrastructure

- contributions from developers to fund future infrastructure expenditure .

TPS7

- to fund expenditure on developments within the TPS site with contributions from developers .

TPS9A

- to fund expenditure on developments within the TPS site with contributions from developers .

TPS10

- to fund expenditure on developments within the TPS site with contributions from developers .

TPS15

- to fund expenditure on developments within the TPS site with contributions from developers .

TPS17

- to fund expenditure on developments within the TPS site with contributions from developers .

TPS20

- to fund expenditure on developments within the TPS site with contributions from developers .

Canning Vale ODP

- to fund expenditure on developments within the ODP site with contributions from developers .

ODP Southern Precinct 5

- to fund expenditure on developments within the ODP site with contributions from developers .

ODP Southern Precinct 1

- to fund expenditure on developments within the ODP site with contributions from developers .

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

11. RESERVES - CASH BACKED (continued)

ODP Southern Precinct 1

- to fund expenditure on developments within the ODP site with contributions from developers .

ODP Campbell Estate

- to fund expenditure on developments within the ODP site with contributions from developers .

The timing of expenditure from reserves is varied depending upon the timing of projects

12. RESERVES - ASSET REVALUATION

2005

2004

\$

\$

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) **Land and Buildings**

Balance as at 1 July 2004	86,422,244	31,468,194
Revaluation Increment	0	54,954,050
Revaluation Decrement	0	0
Balance as at 30 June 2005	86,422,244	86,422,244
TOTAL ASSET REVALUATION RESERVES	86,422,244	86,422,244

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2005	2005	2004
	\$	Budget	\$
		\$	
Cash Assets	<u>37,855,275</u>	<u>21,410,854</u>	<u>34,729,854</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	8,401,268	-227,389	12,801,045
Depreciation	11,066,854	13,375,415	7,007,615
Bad and Doubtful Debts	0	0	0
(Increase)/Decrease in Receivables	1,040,907	1,000,000	149,177
(Profit)/Loss on Sale of Asset	-911,490	451,300	11,048
(Increase)/Decrease in Inventories	-35,192	-50,000	21,107
Increase/(Decrease) in Payables	3,338,548	-800,000	1,700,612
Increase/(Decrease) in Employee Provisions	205,297	100,000	225,774
Grants/Contributions for the Development of Assets	<u>-4,930,409</u>	<u>-5,313,520</u>	<u>-10,445,954</u>
Net Cash from Operating Activities	<u>18,175,783</u>	<u>8,535,806</u>	<u>11,470,424</u>
(c) Credit Standby Arrangements			
Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	0		0
Credit Card Balance at Balance Date	<u>0</u>		<u>0</u>
Total Amount of Credit Unused	<u>0</u>		<u>0</u>
(d) Loan Facilities			
Loan Facilities - Current	0		0
Loan Facilities - Non-Current	<u>0</u>		<u>0</u>
Total Facilities in Use at Balance Date	<u>0</u>		<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments	Nil	Nil
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	53,866	131,364
- later than one year but not later than five years	0	53,866
- later than five years	0	0
	<u>53,866</u>	<u>185,230</u>
(c) Capital Expenditure Commitments	Nil	Nil
15. CONTINGENT LIABILITIES	Nil	Nil
16. JOINT VENTURE	Nil	Nil
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	3,440,486	3,332,061
General Purpose Funding	38,035,374	36,836,706
Law, Order, Public Safety	327,051	316,744
Education and Welfare	1,465,482	1,419,298
Community Amenities	90,700,143	87,841,767
Recreation and Culture	80,180,407	77,653,556
Transport	129,970,034	125,874,084
Economic Services	167,277	162,005
Other Property and Services	22,931,842	22,209,155
	<u>367,218,096</u>	<u>355,645,376</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

18. FINANCIAL RATIOS	2005	2004	2003
Current Ratio	1.16	1.79	1.97
Untied Cash to Trade Creditors Ratio	1.28	1.67	2.02
Debt Ratio	4.31	3.56	3.71
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets Ratio	0.00	0.00	0.00
Rate Coverage Ratio	0.49	0.58	0.52
Outstanding Rates Ratio	0.04	0.04	0.52

The above rates are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

19. TRUST FUNDS

Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-04 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-05 \$
Unclaimed Money	4,538	0	-47	4,491
BCITF	24,839	373,416	-367,772	30,483
	<u>29,377</u>			<u>34,974</u>

20. DISPOSALS OF ASSETS - 2004/05 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land	1,475,000	3,831,490	2,620,400	3,831,490	1,145,400	0
Plant & Equipment	803,631	1,130,700	844,624	679,400	40,993	-451,300
Furniture & Equipment	282,260	0	7,357	0	-274,903	0
	<u>2,560,891</u>	<u>4,962,190</u>	<u>3,472,381</u>	<u>4,510,890</u>	<u>911,490</u>	<u>-451,300</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

21. BUDGET COMPARISON

	2005	2005
	\$	Budget
		\$
(a) Non Operating Revenue and Expenditure		
<p>The following is a comparison of capital revenue and expenditure and movements to and from reserve accounts and the amounts contained in the Rate Setting Statement in the annual budget.</p>		
Non Operating Revenue		
Proceeds on sale of assets	3,472,381	4,510,890
Debentures raised	0	0
Repayments of self supporting loans	0	0
Proceeds from advances	0	0
Transfers from Reserves	9,783,538	10,167,114
 Non Operating Expenditure		
Advances to Community Groups	0	0
Principal repayment of Debentures	0	0
Principal repayment of finance leases	0	0
Construction/Purchase of Assets		
Land Held for Resale	0	0
Land and Buildings	7,799,604	7,799,604
Plant and Equipment	1,525,092	1,876,400
Furniture and Equipment	595,313	1,139,008
Infrastructure Assets	14,639,056	16,832,002
Transfers to Reserves	9,383,818	6,786,890

(b) Current Position at 1st July 2004

The current position balance carried forward from the previous financial year for the purpose of the 2004/05 budget was \$8,591,491

The actual current position balance shown in the audited financial report as at 30th June 2004 was \$7,689,166

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005**

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments	Nil
(b) New Debentures - 2004/05	Nil
(c) Unspent Debentures	Nil
(d) Overdraft	Nil
(e) Interest Rate Risk	Nil

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

23. RATING INFORMATION - 2004/05 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Residential Improved	7.9600	15,859	132,548,037	10,550,824	427250	9013	10,987,087	10,550,824	734,140	0	11,284,964
Residential Vacant	12.7360	950	5,358,671	682,480	52860	-9125	726,215	682,480	0	0	682,480
Commercial Improved	7.9600	363	32,136,306	2,558,050	37158	4318	2,599,526	2,558,050	0	0	2,558,050
Commercial Vacant	12.7360	35	506,600	64,521	159	4234	68,914	64,521	0	0	64,521
Industrial Improved	7.9600	735	25,565,199	2,087,972	37238	-6722	2,118,488	2,034,990	0	0	2,034,990
Industrial Vacant	12.7360	79	818,478	104,241	168	0	104,409	104,241	0	0	104,241
Kennel Area Improved	7.9600	121	945,516	75,263	0	0	75,263	75,263	0	0	75,263
Rural GRV	9.5520	678	6,368,081	544,701	-11049	-5738	527,914	608,279	0	0	608,279
Extractive Industry	15.1240	3	231,500	35,012	381	0	35,393	35,012	0	0	35,012
Residential Development	9.5520	135	2,105,682	201,135	-4956	-1902	194,277	201,135	0	0	201,135
Golf Clubs	7.9600	1	165,000	13,134	0	0	13,134	13,134	0	0	13,134
Rural UV	0.4800	237	64,829,140	311,180	-2,439	85	308,826	311,180	0	0	311,180
Rural UV Agricultural Cor	0.3840	25	28,935,000	111,110	-705	0	110,405	111,110	0	0	111,110
Rural Residential Decelop	0.2880	24	18,330,000	52,790	-9,318	0	43,472	52,790	0	0	52,790
Sub-Totals		19,245	318,843,210	17,392,413	526,747	-5,837	17,913,323	17,403,009	734,140	0	18,137,149
Minimum Rates	Minimum \$										
Residential Improved	506	14,672	82,545,600	7,424,032	0	0	7,424,032	7,424,032	0	0	7,424,032
Residential Vacant	506	957	2,910,301	484,242	0	0	484,242	484,242	0	0	484,242
Commercial Impoved	506	71	287,986	35,926	0	0	35,926	35,926	0	0	35,926
Commercial Vacant	506	1	50	506	0	0	506	506	0	0	506
Industrial Improved	506	85	475,753	43,010	0	0	43,010	43,010	0	0	43,010
Kennel Area Improved	506	28	169,624	14,168	0	0	14,168	14,168	0	0	14,168
Rural GRV	506	102	466,620	51,612	0	0	51,612	51,612	0	0	51,612
Extractive Industry	506	1	394	506	0	0	506	506	0	0	506
Residential Development	506	1	1,900	506	0	0	506	506	0	0	506
Golf Courses	506	1	3,000	506	0	0	506	506	0	0	506
Rural UV	506	9	761,860	4,554	0	0	4,554	4,554	0	0	4,554
Rural UV Agricultural Cor	506	1	130,000	506	0	0	506	506	0	0	506
Residential Development	506	1	147,000	506	0	0	506	506	0	0	506
Sub-Totals		15,930	87,900,088	8,060,580	0	0	8,060,580	8,060,580	0	0	8,060,580
Specified Area Rates (refer note 24)							25,973,903				26,197,729
							119,139				116,922
Discounts (refer note 26)							26,093,042				26,314,651
Totals							0				0
							26,093,042				26,314,651

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

24. SPECIFIED AREA RATE - 2004/05 FINANCIAL YEAR

	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Specified Area Rates	Applied to Costs \$	Budget Rate Revenue \$	Budget Applied to Costs \$
Specified Area Rates										
The Avenues	0.5640	501	5,237,150	29,538	340	-489	29,389	29,240	29,538	29,538
The Reserve	0.5729	279	2,353,948	13,486	1,904	0	15,390	17,294	13,486	13,486
Sanctuary Waters	0.2595	688	7,937,186	20,596	90	0	20,686	20,776	20,597	20,597
Brookland Greens	0.8147	548	6,284,388	51,199	258	0	51,457	51,715	51,200	51,200
Brookland Park	0.0756	306	2,778,952	2,101	114	2	2,217	2,333	2,101	2,101
				116,920	2,706	-487	119,139	121,358	116,922	116,922

Purpose for the rate and proposed applicant of proceeds:

To recover in each Specified Area up to 25% of the park maintenance cost incurred by Council.

The proceeds of the rate are applied in full to the costs of the park maintenance and no transfer to or from reserve accounts has occurred.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

25. SERVICE CHARGES - 2004/05 FINANCIAL YEAR

	Amount of Charge \$	2004/05 Revenue Raised \$	2004/05 Budget Revenue \$	Actual Applied to Costs \$	Budget Applied to Costs \$
Underground Power	Varied dependant on power usage	349,074	0	349,074	0

Service Charge - Underground Power - Gosnells

The underground power project is being funded via contributions from the State Government, City of Gosnells and ratepayers.

The calculations are based on the City receiving the 15% Socio Economic Index For Areas (SEIFA) subsidy.

No transfer to or from reserve accounts has occurred.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2004/05 FINANCIAL YEAR**

Nil

27. INTEREST CHARGES AND INSTALMENTS - 2004/05 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		108,683	155,203
Interest/Charges on Instalment Plan	5.5	10.50	368,088	320,000
			476,771	475,203

Ratepayers had the option of paying rates in four equal instalments, due on 27th August 2004, 5th November 2004, 17th January 2005 and 14th March 2005. Administration charges and interest applied for the final three instalments.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

28. FEES & CHARGES	2005	2004
	\$	\$
Governance	0	38,368
General Purpose Funding	0	391,403
Law, Order, Public Safety	187,003	240,325
Health	162,377	104,114
Education and Welfare	365,406	231,437
Community Amenities	5,313,682	5,094,638
Recreation & Culture	2,345,891	2,313,949
Transport	121,350	38,747
Economic Services	945,248	1,036,746
Other Property & Services	488,191	1,053,906
	<u>9,929,148</u>	<u>10,543,633</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

29. GRANT REVENUE

By Nature and Type:

Grants and Subsidies - operating	3,250,575	3,282,401
Grants and Subsidies - non-operating	4,930,409	10,445,954
	<u>8,180,984</u>	<u>13,728,355</u>

By Program:

General Purpose Funding	2,346,667	3,282,401
Law, Order, Public Sector	127,047	0
Education and Welfare	372,574	0
Community Amenities	61,150	2,585,009
Recreation and Culture	263,003	86,432
Transport	3,646,280	3,811,604
Economic Services	1,364,263	3,962,909
	<u>8,180,984</u>	<u>13,728,355</u>

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005**

30. COUNCILLORS' REMUNERATION	2005	2005	2004
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	78,000	78,000	71,357
President's Allowance	60,000	60,000	14,817
Deputy President's Allowance	9,000	9,000	3,775
Travelling Expenses	12,663	15,000	11,099
Telecommunications Allowance	18,000	19,200	16,447
	<u>177,663</u>	<u>181,200</u>	<u>117,495</u>

31. EMPLOYEES' REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the City entitled to an annual salary of \$100,000 or more.

Salary Range	2005	2004
\$		
100,000 - 109,999	0	1
110,000 - 119,999	1	4
120,000 - 129,999	4	0
170,000 - 179,999	1	1

32. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2005	2004
<u>361</u>	<u>338</u>

33. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 29.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

34. MAJOR LAND TRANSACTIONS

Harmony Fields formerly the Maddington Golf Course

(a) Details

In 1999 the Council had the site rezoned for Parks and Recreation. A plan for redevelopment of the site was made in 2003 using a series of consensus design workshops. The plan will see a large number of new recreation facilities constructed on the site

	2005	2004
	\$	\$
(b) Current year transactions		
Operating expenditure		
- Loss on sale of land	235,000	0
Capital Income		
- Sale Proceeds	990,000	0
Capital Expenditure		
- Purchase of Land	0	0
- Development Costs	5,821	0
	<u>5,821</u>	<u>0</u>
	<u>5,821</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2005.

(c) Expected Future Cash Flows

	2006	2007	2008	2009	2010	Total
	\$	\$	\$	\$	\$	\$
Cash Outflows						
- Development Costs	474,005	474,005	474,005	0	0	1,422,015
	474,005	474,005	474,005	0	0	1,422,015
Cash Inflows						
- Sale Proceeds	0	0	555,800	0	0	555,800
	0	0	555,800	0	0	555,800
Net Cash Flows	474,005	474,005	1,029,805	0	0	1,977,815

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2004/05 financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

36. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

For reporting periods commencing on or after 1 January 2005, the City will be required to prepare its annual financial report using Australian equivalents to International Financial Reporting Standards and their related pronouncements (AIFRSs) as issued by the Australian Accounting Standards Board (AASB).

As the AASB has prohibited the early adoption of the AIFRSs, the City will report for the first time in compliance with AIFRSs in the annual financial report for the year ended 30 June 2006 (that is, the year commencing 1 July 2005).

The City is required to prepare an opening balance sheet in accordance with AIFRSs as at 1 July 2004. Most adjustments required on transition to AIFRSs will be made retrospectively against opening retained earnings on 1 July 2004 in accordance with AIFRSs. Transitional adjustments relating to those standards for which comparatives are not required will only be made with effect from 1 July 2005.

The transition to AIFRSs has been managed via a process of education which includes technical training and liaison with the City's auditors and industry groups. This has included a review of AIFRSs to determine the effect on the City's existing accounting policies and treatments.

The annual financial report for the year ended 30 June 2005 will be prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and AIFRSs identified to date as potentially having a significant effect on the City are summarised below.

The summary should not be taken as an exhaustive list as the City is still assessing the impacts of AIFRSs. Consequently, in some instances, quantified impacts of AIFRSs may not have been disclosed as disclosure of information may be misleading and not fully represent the overall impact of transition.

Property Plant and Equipment. (AASB116)

On the initial application of AIFRS the City has elected to apply the exemption in AASB1 First Time Adoption of Australian Equivalents to IFRS and continue to use the current cost based method of ascribing deemed value to land and buildings. Work will however continue on evaluating the impact of a revaluation of land and buildings in 2005/06.

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005**

36. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

Employee Benefits (AASB119)

AIFRSs require all long term employee benefits to be measured at present value. This treatment remains unchanged for the measurement of non current long service leave entitlements under current Australian GAAP. However, non current annual leave entitlements are currently measured at the amount the Shire expects to pay and not at present value.

It is not anticipated any such adjustment will be significant. However, adjustments to provisions, if any, will be made against opening retained earnings in the opening balance sheet and the effect on the year ended 30 June 2005 will also be adjusted via the operating statement for comparison purposes in the City's first AIFRSs financial report.

The quantum of this adjustment is expected to be a reduction of \$46,717 in Non Current Annual Leave Liability.

Impairment of Assets (AASB136)

Under this standard the recoverable amount of an asset is determined at the higher of net selling price and value in use.

Accordingly, changes to this standard are unlikely to materially impact the City's financial results.

Intangibles (AASB 138)

AIFRSs now requires the recognition of intangibles not currently required under current Australian GAAP.

Intangibles identified will be recognised against opening retained earnings.

Intangibles with indefinite useful lives will be subject to impairment testing annually (or more frequently if events or circumstances indicate it might be impaired). Impairment losses will be recognised immediately in the operating statement as they occur.

This change in policy may result in increased volatility of future results if intangibles are recognised and impairment losses occur.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

36. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

Financial Instruments (ASSB139)

The City of Gosnells invests in a variety of interest bearing securities. The City does not directly enter into any derivative contracts to offset risk to the interest or foreign exchange rates. Additionally, to the best of its knowledge, there are no embedded derivatives in the funds or securities that the City holds that may impact materially on investment earnings. The policy of marking investments to market also meets the requirements of the standard.

Accordingly, changes to this standard are unlikely to materially impact the City's financial results. On the initial application of AIFRS the City has elected to apply the exemption in AASB1 First Time Adoption of Australian Equivalents to IFRS.

Investment Property (AASB140)

Under current Australian GAAP, investment property is disclosed as land and buildings in the property, plant and equipment asset classification. It is recognised at either cost, fair value or at net market value.

On adoption, AIFRSs provide an option to value investment property at either cost or fair value. It is the current intention of the City to:

- value investment property on the cost basis adjusted for any impairment balances.
- value investment property at fair value and ensure it reflects market conditions at each reporting date.

It is not anticipated any adjustments will result from the above approach. If they do, they will be recognised against opening retained earnings or past revaluation reserves in the balance sheet.

Also, as the value of the investment property is subject to fluctuation based on future conditions, it is not possible to reliably estimate the effect any adjustments may have on future financial reports.

**INDEPENDENT AUDITOR'S REPORT
TO THE RATEPAYERS OF THE CITY OF GOSNELLS**

SCOPE

I have audited the accompanying financial report of the City of Gosnells for the year ended 30 June, 2001 as set out on pages 2 to 33. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. I have conducted an independent audit of the financial report in order to express an opinion on it to the ratepayers of the City of Gosnells.

My audit has been conducted in accordance with Australian Auditing Standards to provide a reasonable level of assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial report is presented fairly in accordance with the requirements of the Local Government Act 1995, Local Government (Financial Management) Regulations 1996, Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view of the City of Gosnells which is consistent with my understanding of its financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial report presents fairly the financial position of the City of Gosnells as at 30 June, 2001 and the results of its operations and cash flows for the year then ended in accordance with the requirements of the Local Government Act, Local Government (Financial Management) Regulations, applicable Accounting Standards and other mandatory professional reporting requirements.

STATUTORY COMPLIANCE

I did not, during the course of my audit, become aware of any instances where the Council did not comply with the requirements of the Local Government Act and Local Government (Financial Management) Regulations.



K R COOKE
Partner

DATED this 27th day of November 2001.
PERTH, W.A.

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