



Quarterly Financial Report 30 June 2023



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Introduction

Section 97 of the Local Government Act 2020 requires a financial report to be presented to Council after the end of each quarter of the financial year, comparing expenses and revenue against the budget. The financial report has to contain explanations for any material variations.

The adopted budget can become outdated during the financial year, as new information comes to light. As a result, Council focuses on its quarterly review of the projected year-end forecast outcome.

Council has adopted a materiality threshold of 10% or a dollar variance of +/- \$100,000. Explanations have not been provided for variations below the materiality threshold, unless the variance is considered to be material because of its nature.

Gihan Kohobange
Manager, Financial and Corporate Services

Executive summary

The **actual accumulated cash result** is a **surplus of \$962,000 at 30 June 2023, an increase of \$774,000** on the forecasted accumulated cash surplus of \$188,000. This substantial increase can be attributed primarily to two factors: the early receipt of the Financial Assistance Grant (FAG) for the following year and savings in operating expenses. If the advanced FAG payment is excluded, the actual accumulated cash surplus at 30 June 2023 would be \$548,000.

Based on the **Local Government Performance Reporting Framework (LGPRF) definition**, Council reported an **underlying deficit of \$607,000 (-4.9%) for the 2022–23 financial year** which is largely driven by the inclusion of capital expenditure totalling \$773,000, attributed to multiple projects, delivered across multiple years, and categorised as operating expenses in 2022-23 because the expenses do not meet the capitalization criteria. **Based on the Council Plan definition** (excluding one-off transactions and after adjusting for the timing of operating grants where applicable), the reported **underlying surplus is \$402,000 (4.0%)**.

Throughout the financial year, the Council invested **\$4.0 million in capital work projects**, aimed at improving its total asset base and achieving operational efficiencies.

The Council's **cash and cash equivalents**, along with **short-term cash investments**, increased to a total of **\$11.2 million** in the 2022-23 financial year. Of this amount, \$5.3 million has been designated for specific allocations, while the remaining \$5.9 million is available as unrestricted cash reserves. Notably, \$3.5 million out of the \$5.3 million allocated is derived from the proceeds of the Murray Road land sale. The Council's unrestricted cash holdings are deemed sufficient to cover all its financial obligations as of June 30, 2023.

Council currently carries no debt and is operating comfortably within the Victorian Government's prudential ratio limits. As of June 30th, the Council's other reserve balance is \$8.3 million, with **\$1.2 million designated for the general reserve** and **\$1.7 million allocated to the asset replacement reserve**.

Headline changes between actual and year-end forecast, are included throughout this report with an explanation provided for all material variances. **2022–23 year-end result meets all financial sustainability indicators specified in the Council Plan 2021–2025**, as summarised below.

Financial sustainability indicators – Council Plan

Policy Statement	Measure	Indicator	Target	Yearend Forecast -	Actual 2022-23
Sustainable operating result					
Consistent operating results.	Our adjusted underlying result: The difference between recurrent income and recurrent expenses.	Our adjusted underlying result	> \$0	-\$40,000	\$402,000
Working capital					
Ensure Council maintains sufficient working capital to meet its obligations as they fall due.	Current assets vs current liabilities: The value of our current assets divided by our current liabilities.	Current assets vs current liabilities	> 1.0	4.46	4.58
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required.	Level of unrestricted cash reserve against current liabilities: Our current liabilities as a percentage of our unrestricted cash reserves (based on the remaining maturity).	Level of unrestricted cash reserve against current liabilities	> 100%	425.3%	426.8%
Borrowings					
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings against rate revenue: Our total borrowings as a percentage of our rate revenue.	Total borrowings against rate revenue	< 15%	0%	0%
Commitment for asset renewals					
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Asset renewal and upgrade expenses against depreciation: The financial investment in asset renewal and upgrade work divided by the cost of depreciation (based on a three years rolling average).	Asset renewal and upgrade expenses against depreciation	> 100%	324.2%	316.8%
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for renewal capital.	Council's contribution to asset renewal and upgrade: Council's contribution to asset renewal and upgrade expenses as a percentage of Own Source Revenue.	Council's contribution to asset renewal and upgrade	> 10%	24%	16%

1. Financial statements

This section includes quarterly reporting against the five key financial statements in accordance with both the *Local Government Act 2020* and the Local Government Model Financial Report.

1.1. Comprehensive Income Statement

The Council achieved a surplus of \$1.6 million in the financial year 2022–23. There is however, an inclusion of capital expenditure totalling \$773,000, attributed to multiple projects, spread across multiple years, and categorised as operating expenses in 2022-23 because the expenses do not meet the capitalization criteria. This figure is reported in the other expenses category in the table below. This inclusion has had a significant impact on the financial outcome for the 2022-23 financial year.

The total comprehensive result for the year shows a deficit of \$0.8 million due to the revaluation decrement of the Council's assets. Note 8 to the table provides a full explanation of the decrements.

Comprehensive Income Statement	Actual 2021-22	Yearend Forecast	Actual 2022-23	Variance from the Forecast		
	\$'000	\$'000	\$'000	\$'000	%	Notes
Income						
Rates and charges	7,956	8,136	8,150	14	0.2%	
Statutory fees and fines	204	134	201	67	49.7%	1
User fees	2,020	2,079	2,042	(38)	(1.8%)	
Grants - operating	2,137	994	1,370	376	37.8%	2
Grants - capital	7,652	2,239	2,232	(7)	(0.3%)	
Contributions - monetary - capital	-	0	0	0	0.0%	
Other income	251	345	492	148	42.8%	3
Net gain on disposal of PPE and infrastructure		735	109	(625)	(85.1%)	4
Total income	20,220	14,663	14,596	(67)	(0.5%)	
Expenses				0	0.0%	
Employee costs	4,300	4,966	4,916	(50)	(1.0%)	
Materials and services	5,548	5,947	5,648	(299)	(5.0%)	5
Depreciation	1,324	1,373	1,244	(129)	(9.4%)	6
Bad and doubtful debts	0	3	0	(3)	(97.3%)	
Borrowing costs	-	0	0	0	0.0%	
Other expenses	559	375	1,163	788	210.2%	7
Net loss on disposal of PPE and infrastructure	130			0	0.0%	
Share of net losses of associates	5	0	(0)	(0)	0.0%	
Total expenses	11,866	12,663	12,971	307	2.4%	
Surplus / (deficit) for the year	8,354	1,999	1,625	(374)	(18.7%)	
Other comprehensive income				0	0.0%	
Net asset revaluation increment / (decrement)	0	0	(2,397)	(2,397)	0.0%	8
Total comprehensive result	8,354	1,999	(772)	(2,771)	(138.6%)	

Income

1. Statutory fees and fines: Increase of \$67,000 is due to the increase in town planning and building permit application fee income.
2. Grants – operating: Increase of \$376,000 is mainly due to;
 - \$407,000, Impact of timing of Financial Assistance Grant (FAG) (please refer to the note 1 under 1.1.1. Underlying result for more details about FAG); and
 - \$(34,000), Impact of timing of the record digitisation project.
3. Other income: Increase of \$148,000 is mainly due to;
 - \$108,000, Additional interest income due to higher int rate and elevated investment in TDs; and
 - \$36,000, Increase in notional income to recognise contribution from volunteers.
4. Net gain on disposal of PPE and infrastructure: The net gain of \$109,000 is mainly consist of;
 - \$716,000, Accounting profit from the sale of Murray Road land; and
 - (\$607,000), Accounting loss from the demolition of the old amenity block as a part of the Queenscliff Sports and Recreation Precinct development project work.

Expenses

5. Material and Services: Decrease of \$299,000 is mainly due to;
 - \$174,000, Carryover (part or entire) of the following operating projects to the 2023-24 financial year;
 - i. \$71,000, Development of a Marine and Coastal Management Plan;
 - ii. \$34,000, Record digitisation project (100% grant funded);
 - iii. \$25,000, Development of a tree management plan, Victoria Park;
 - iv. \$18,000, Biannual energy efficiency audit and education program;
 - v. \$12,000, Queenscliffe Neighbourhood House solar projects (50% grant funded);
 - vi. \$6,000, Development of a Gender Equality Action;
 - vii. \$5,000, Development of a CERP monitoring and evaluation dashboard;
 - viii. \$3,000, Development of a database of photos of the Borough.
 - \$69,000, Savings associated with caretaker contract of tourist parks,
 - \$18,000, Savings in waste management expenses;
 - \$11,000, Savings in community sponsorship program.
6. Depreciation: The reduction in the depreciation expenses is mainly due to the shift in the timing of the capitalisation of new assets during the financial year.
7. Other Expenses: This increase is mainly due to the inclusion of capital expenditure totalling \$773,000, spread across multiple years and categorised as operating expenses in 2022-23 because it does not meet the capitalization criteria (please refer to the note 5 under 1.1.4. Underlying result for more details). Further, there is a \$36,000, increase in notional expense to recognise the cost of contribution from volunteers (the cost Council would have otherwise incurred).

Other comprehensive income

8. Net asset revaluation increment / (decrement): Asset revaluation decrement of \$2.4 million consists of;

- \$2.2 million decrement in relation to infrastructure assets such as roads, footpaths, and off street car parks of Council. These assets have been revalued as at 30 June 2023 to meet requirements of Australian accounting standards resulting a revaluation decrement. The revaluation decrement primarily represents the change in the condition of the Council's infrastructure assets compared to their condition at the time of the previous valuation. The change in condition is reflective of the asset consumption phase, and all roads, footpaths and off street parking assets remain within intervention level.
- \$0.2 million revaluation decrement in relation to the valuation of the QHub building after the practical completion, by a qualified independent valuer Opteon Property Group (Victoria), to satisfy the requirements of Australian accounting standards.

1.1.1. Underlying result

Measured against the Local Government Performance Reporting Framework (LGPRF) definition, the adjusted underlying result of the Council, after excluding non-recurrent capital grants, cash capital contributions, and non-monetary capital contributions, reveals a deficit of \$0.6 million or -4.91% when compared to the adjusted underlying revenue.

The underlying result based on LGPRF is influenced by various factors, including the timing of recurring operating grants, particularly Financial Assistance Grant (FAG), as well as non-recurring operating grants and non-recurring expenses that occur within a given year. To derive a more meaningful representation of the underlying result, it is advisable to evaluate it by excluding the effects of non-recurring operating income and expenses. Additionally, adjustments should be made for the timing of recurring operating grants, where applicable, as defined in the Borough's Council Plan.

Even if the Council Plan proposes an alternative approach to the LGPRF to gauge the underlying result, the methodology outlined in the paragraph above aims to establish a consistent method for estimating the recurring basis of the underlying result. This consistency is crucial for facilitating accurate and meaningful comparisons across financial years given the size (size of the budget) of the organisation, allowing for a more reliable assessment of the Borough's financial performance.

A reconciliation between the LGPRF and the recurring basis underlying results (Council Plan measure) is provided below.

Underlying Result	Actual	Yearend	Actual	Variance from		Note
	2021-22	Forecast	2022-23	the Forecast	%	
	\$'000	\$'000	\$'000	\$'000	%	
Based on the LGPRF measure						
Surplus / (deficit) for the year	8,354	1,999	1,625	(374)	-18.7%	
Less: Grants - capital (non-recurrent)	(7,652)	(2,239)	(2,232)	7	(0.3%)	
Less: Contributions - monetary - capital	0	0	0	0	0.0%	
Adjusted underlying surplus / (deficit)	702	(240)	(607)	(367)	152.8%	
Adjusted Underlying Result - %	5.6%	-1.93%	-4.91%			
On recurring basis (based on the Council Plan measure)						
Adjusted underlying surplus / (deficit) - LGPRF	702	(240)	(607)	(367)	152.8%	
Adjusted for;						

Underlying Result	Actual 2021-22	Yearend Forecast	Actual 2022-23	Variance from the Forecast		Note
	\$'000	\$'000	\$'000	\$'000	%	
Allocating FAG to the year they relate	(452)	499	68	(431)	(86.4%)	1
Annualised Road to Recovery grant (R2R)	38	40	38	(2)	(4.6%)	
Removal of grant-funded non-recurring operating project related costs net of grants (council contribution)	(98)	26	(15)	(41)	(155.3%)	2
Removal of non- recurring operating project related costs funded via Council's own funds (reserve and operational cash)	163	305	168	(137)	(45.0%)	3
Removal of waste management cost to be recovered in future years	13	64	86	22	34.9%	
Removal of capital expenditure reclassified as operating expenses not meeting capitalisation criteria / threshold	213	0	773	773	0.0%	4
Removal of the impact of the sale of assets	130	(735)	(109)	625	(85.1%)	5
Adjusted underlying surplus / (deficit)	709	(40)	402	443	1,100.1%	

Adjusted Underlying Result - %	6.4%	0.02%	3.97%
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1. Allocating FAG to the year they relate

The table below summarises the FAG allocation for each year and the timing of the payment of each year's allocation. Council received a significant part of the 2023-24 FAG in advance in June 2023.

Grant Allocation Year	Grant Payment Year			Total	Change
	2021-22	2022-23	2023-24		
2021-22 Allocation	377,188	-	-	503,658	
2022-23 Allocation	482,780	27,084	27,470	537,334	6.7%
2023-24 Allocation	96,242	441,718	1,026	538,986	0.3%
Total	956,210	468,802	28,496		

Australian accounting standards prohibit from classifying the FAG received in advance as deferred income. This is because the grants lack spending obligations, as a result Council has the discretion to allocate/use the funds in the year of receipt, regardless of their intended allocation year.

2. Removal of grant-funded non-recurring operating project related costs net of grants (Council contribution)

The value for the preceding year has been recalibrated to account for changes in classification. For instance, additional funding received from Better Boating Victoria, intended to alleviate the Council's loss of boat ramp permit income, was reclassified as a non-recurring grant in the financial year 2022-23. Furthermore, certain expenses associated with non-recurrent grants have been allocated to employee costs. However, it's important to note that employee costs

have not been factored into this analysis due to their inherent likelihood of being incurred regardless.

3. Removal of non- recurring operating project related costs funded via Council’s own funds (reserve and operational cash)

Project	2022-23 Actual (\$)
<u>Funded via specific reserves</u>	
Development of Marine and Coastal Management Plan	34,600
Review of the Queenscliffe Planning Scheme	31,800
Sub total	66,400
<u>Funded via operating cash</u>	
Development of a Tree Management Plan (Victoria Park)	30,700
Reconciliation action plan	18,800
EBA consolidation	17,100
Disability Lived Experience	12,000
Active Transport Strategy	9,700
Traffic study - Queenscliff	8,500
Energy Efficiency Audit and Education Program	2,400
Wadawurrung signage	1,200
Gender Equality Actions	1,000
Sub total	101,400
Grand total	167,800

4. Removal of capital expenditure reclassified as operating expenses not meeting capitalisation criteria / threshold

The capital expenditure, which has been accumulated over several years during project delivery, has been categorised as operating expenses because it does not meet the criteria for capitalisation. Typically, these expenses encompass various costs, such as those associated with temporary fencing, temporary locations' rent, expenses related to temporary storage, landscaping, costs linked to assets managed by third parties, and other operational costs incurred throughout the construction phase.

In the financial year 2022-23, the Council chose to capitalise a total of \$12.8 million in capital expenditure specifically attributed to major projects that were successfully concluded within the year. This approach reflects the Council's commitment to accurately representing its project related cost and the allocation of funds towards significant endeavours.

5. Removal of the impact of the sale of assets

Please refer to the details provided in note 8 under 1.1 Comprehensive Income Statement.

1.1.2. Cash Results

This section sets out the conversion of the comprehensive result (included in the Comprehensive Income Statement given under section 1.1) into a cash result (by excluding non-cash items, such as depreciation expense, and including cash items, such as transfers to/from cash reserves and capital expenditure) in order to ascertain unrestricted surplus funds available from the annual rates budget.

Cash Results	Actual 2021-22	Yearend Forecast	Actual 2022-23	Variance from the Forecast		
	\$'000	\$'000	\$'000	\$'000	%	Notes
Surplus / (deficit) for the year	8,354	1,999	1,625	(374)	(18.7%)	
Removal of non-cash transactions				0	0.0%	
Net gain on disposal of PPE and infrastructure	0	(735)	(109)	625	(85.1%)	
Depreciation	1,324	1,373	1,244	(129)	(9.4%)	
Net loss on disposal of PPE and infrastructure	130	0	0	0	0.0%	
Share of net losses of associates	5	0	(0)	(0)	0.0%	
Reclassification previous years' expenses	213		690	690	0.0%	1
Inclusion of other cash transactions				0	0.0%	
Proceeds from asset sales	66	3,529	3,504	(25)	(0.7%)	
Capital expenditure	(9,054)	(4,977)	(4,006)	971	(19.5%)	2
Cash surplus / (deficit) from operations	1,037	1,190	2,946	1,756	147.7%	
Transfer from reserves	1,288	1,322	939	(383)	(0)	3
Transfer to reserves (<i>for future year spending</i>)	(1,380)	(3,920)	(4,520)	(600)	0	4
Adjusted cash surplus / (deficit) for the year	946	(1,409)	(635)	774	(54.9%)	
Accumulated cash surplus b/fwd from prior year	651	1,596	1,596	0	0	
Accumulated cash surplus	1,596	188	962	774	412.2%	

1. Reclassification previous years' expenses (capital to operating)

This represents payments made in previous years in relation to the total value of capital expenditure classified as operating expenses as detailed in note 4 under 1.1.1. Underlying result.

2. Capital expenditure: The net reduction of \$971,000 is mainly due to;

- \$283,000, change in timing of the asset renewal programs including the replacement of motor vehicles (unused budget allocations are kept in asset renewal reserves for future use);
- \$150,000, change in the timing of the ICT transformation project;
- \$83,000, reclassification of current year capital expenditure as operating expenditure not meeting capitalisation criteria (\$53,000, Queenscliff Sports and Recreation Precinct development project and \$30,000 Queenscliffe Cultural Hub project);
- \$70,000, change in the timing of the project works under the Local Roads and Community Infrastructure program;

- \$60,000, remaining budget of Queenscliffe Cultural Hub for any future work;
- \$56,000, change in the timing of the ancillary work associated with the installation of audio visual equipment in the town hall;
- \$55,000, remaining budget of restoration of P1 huts for future work;
- \$50,000, change in the timing of Toch H toilet renewal project;
- \$50,000, change in the timing of Hesse Street streetscape improvement work;
- \$50,000, change in timing of implementation of a tree management system; and
- \$42,000, change in the timing of Hesse Street link to boat ramp project work.

3. Transfer from reserves

The decrease of \$383,000 shown in the table below, is due to the timing of the respective projects except for reserve movements in relation to waste management reserves. Transfer from waste management reserves represents funds transferred from the reserves to cover the difference between waste charges and the expenses incurred for the year (operating deficit of the waste service). *A summary of all reserve balances as at 30 June 2023 is provided in Appendix A of this report.*

Project	Final Forecast (\$)	Actuals (\$)	Change
ICT transformation project	145,212	-	(145,212)
Development of a Marine and Coastal Management Plan	106,800	34,600	(72,200)
QMF Town Hall AV project	57,900	-	(57,900)
Hesse Street Streetscape	50,000	-	(50,000)
Assest renewal - Motor Vehicles	42,000	-	(42,000)
Queenscliffe Cultural Hub	36,354	-	(36,354)
Review of the Queenscliffe Planning Scheme	33,000	31,827	(1,173)
Kerbside Waste reserve	42,471	72,518	30,048
Public Waste reserve	21,541	13,818	(7,722)
Total			(382,514)

4. Transfer to reserves (for future year spending)

The movement of \$600,000 shown in the table below, is due to the change in the timing of the respective projects. *A summary of all reserve balances as at 30 June 2023 is provided in Appendix A of this report.*

Project	Final Forecast (\$)	Actuals (\$)	Change
Various asset replacement programs	0	282,720	282,720
Toch H toilet renewal	0	160,000	160,000
ICT transformation project	0	78,345	78,345
PL Lighthouse Reserve development work (P1 huts)	0	54,609	54,609
Tree management system	0	50,000	50,000
Development of a Tree Management Plan (Victoria Park)	0	24,630	24,630
Queenscliffe Cultural Hub	0	24,038	24,038
Hesse Street link to boatramp	0	19,500	19,500
Biannual Energy Efficiency Audit and Education Program	0	17,600	17,600
Gender Equality Actions	0	5,953	5,953

Project	Final Forecast (\$)	Actuals (\$)	Change
CERP monitoring and evaluation dashboards	0	5,000	5,000
Queenscliffe Neighbourhood House	0	4,659	4,659
Database of Photos of the Borough	0	3,000	3,000
Wadawurrung signage	20,000	0	(20,000)
Toch H toilet renewal	110,000	0	(110,000)
Total			600,054

Accumulated Cash Result



The cash result is always immune to non-cash accounting adjustment.

1.2. Balance Sheet

As shown in the table below, the value of the net assets of Council is \$182.0 million as at 30 June 2023. Cash and investments (including other financial assets) are at \$11.2 million.

Balance Sheet As at 30 June	Actual 2021-22	Yearend Forecast	Actual 2022-23	Variance from the Forecast		
	\$'000	\$'000	\$'000	\$'000	%	Note
Assets						
Current assets						
Cash and cash equivalents	3,778	2,894	3,568	674	23.3%	1
Other financial assets	6,506	6,500	7,593	1,093	16.8%	1
Trade and other receivables	373	255	230	(25)	(9.9%)	
Non-current assets classified as held for sale	2,577	0	0	0	0.0%	
Inventories	4	4	4	(0)	(8.8%)	
Other assets	107	225	642	417	185.2%	
Total current assets	13,345	9,878	12,038	2,161	21.9%	
Non-current assets						
Investments in associates	160	160	160	0	0.2%	
Property, infrastructure, plant and equipment	173,715	177,100	172,562	(4,537)	(2.6%)	2
Total non-current assets	173,875	177,260	172,723	(4,537)	(2.6%)	
Total assets	187,220	187,138	184,760	(2,378)	(1.3%)	
Liabilities						
Current liabilities						
Trade and other payables	2,324	1,130	829	(301)	(26.6%)	3
Trust funds and deposits	50	50	20	(31)	(60.7%)	
Provisions	933	957	936	(21)	(2.2%)	
Unearned income	995	80	844	764	954.8%	
Total current liabilities	4,302	2,217	2,628	411	18.6%	
Non-current liabilities						
Provisions	113	116	98	(19)	(16.0%)	
Total non-current liabilities	113	116	98	(19)	(16.0%)	
Total liabilities	4,415	2,333	2,726	393	16.8%	
Net assets	182,805	184,804	182,034	(2,770)	(1.5%)	
Equity						
Accumulated surplus	101,380	100,777	99,420	(1,357)	(1.3%)	
Revaluation Reserve	76,675	76,675	74,279	(2,397)	(3.1%)	
Other reserves	4,750	7,353	8,335	983	13.4%	
Total equity	182,805	184,805	182,034	(2,771)	(1.5%)	

1. Cash and cash equivalents / Other financial assets

The increase is mainly due to the FAG grant received in advance and the timing of some asset renewal and priority capital projects.

2. Property, infrastructure, plant and equipment

The decrease is mainly due to the revaluation decrement of infrastructure assets, the reclassification of capital expenditure as operating expenditure (not capitalising as earlier forecasted) and the timing of some capital work programs.

3. Trade and other payables

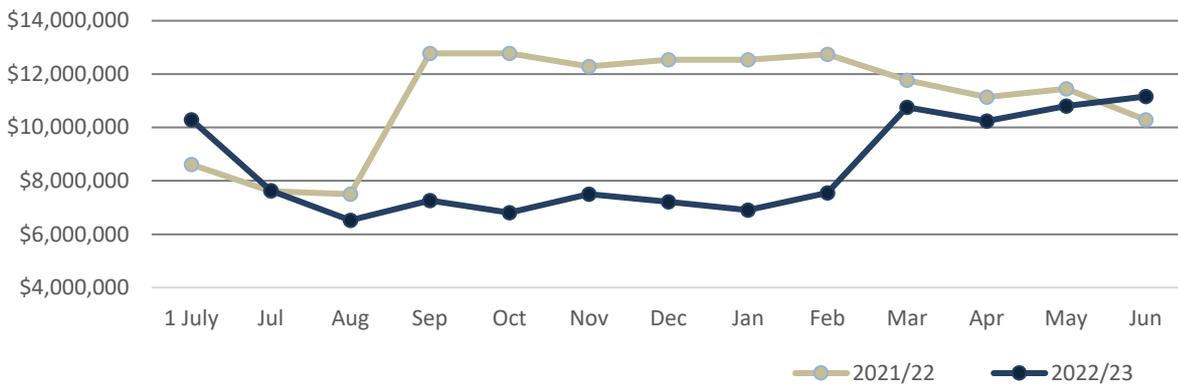
Less than forecasted unpaid invoices at 30 June 23 mainly in relation to capital projects.

Cash & Cash Equivalents and Other Financial Assets

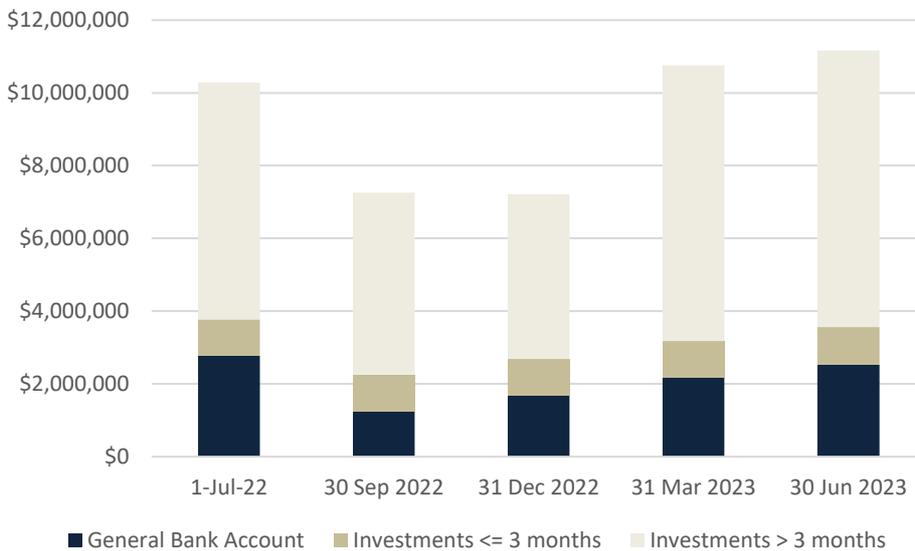
Council’s cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total financial assets (including cash and cash equivalents) at **30 June 2023** is **\$11.2 million**. A \$3.5 million of the total financial assets represents, sales proceeds of the Murray Road land sale.

Cash balance - prior year comparison



Cash and investments



Trade and other receivables

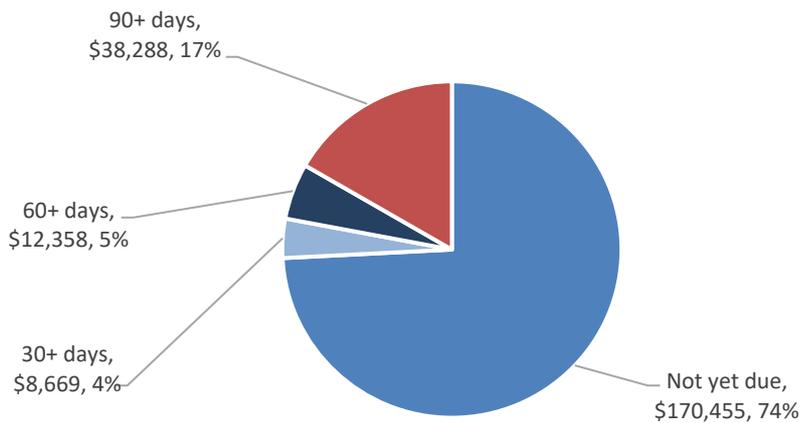
Trade and other receivables stand at **\$0.2 million at 30 June 2023** of which a 74% is represented by outstanding receivables not yet due.

Rates are required to be paid by instalments in September, November, February and May each year. All rates are deemed collectible, with no provision for doubtful debts. In terms of outstanding rates,

the Council has a balance of \$64,000, which represents the lowest recorded value over the past decade. This indicates effective management of rates collection and a positive financial trend in this aspect.

Sundry debtors, including unpaid infringements, government grants, property leases, aged services and tourist park fees, are followed up by finance in conjunction with the relevant program area.

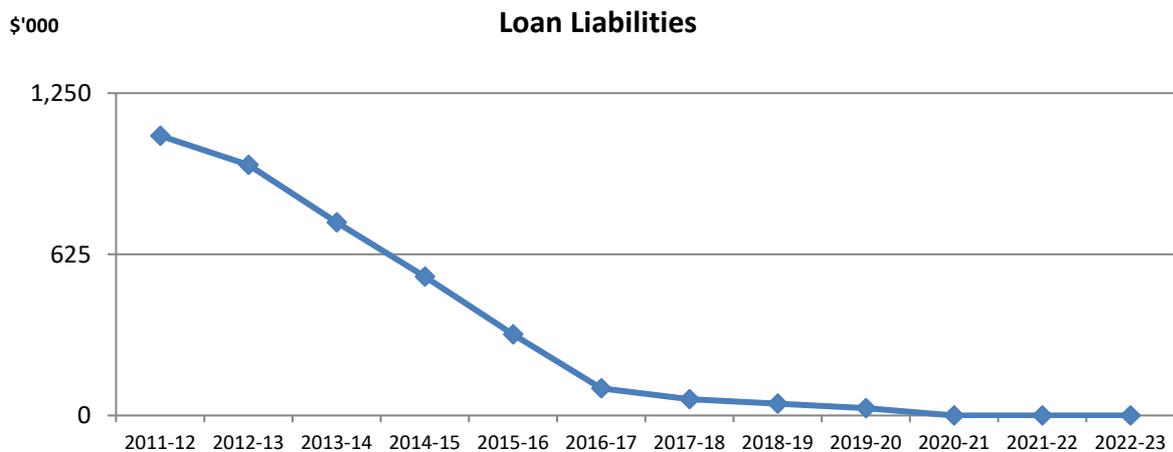
Trade and other receivables ageing analysis



Liabilities

Council’s liabilities include amounts owed to suppliers and amounts owed to employees for leave entitlements. Council’s total liabilities are \$2.7 million as at 30 June 2023.

Council has zero debt and is operating well above the Victorian Government’s prudential ratio limits.

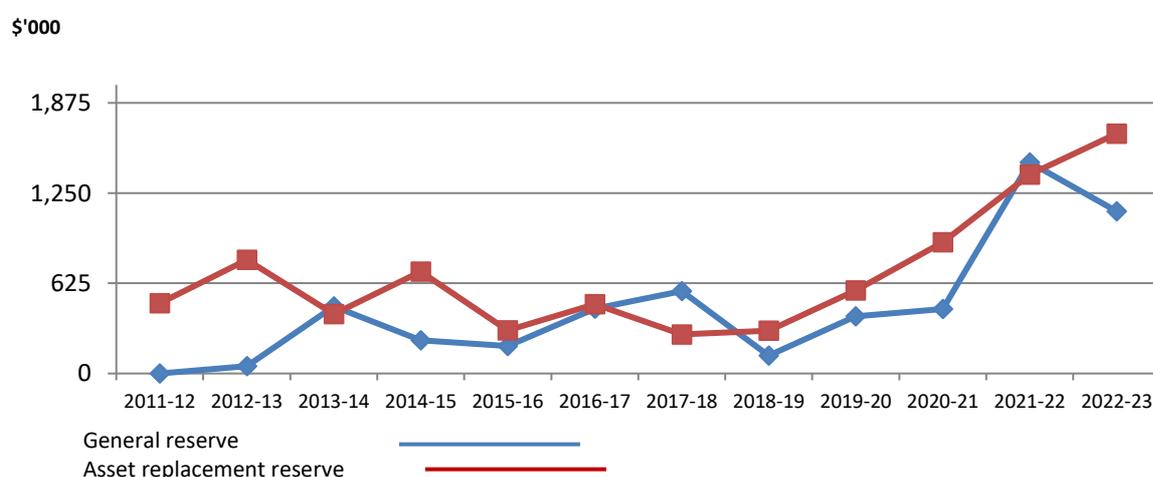


1.3. Statement of Changes in Equity

Other reserves held by Council include annual asset renewal, carry forwards, waste management, defined benefits superannuation fund liability and unallocated cash surpluses from previous years. Funds are generally transferred out of reserves following the completion of carry forward projects and/or by Council resolution to allocate funds to projects.

Statement of Changes in Equity	Actual 2021-22	Yearend Forecast	Actual 2022-23	Variance from the Forecast	
	\$'000	\$'000	\$'000	\$'000	%
Accumulated Surplus					
Opening Balance 1st July	93,114	101,376	101,376	0	0.0%
Surplus / (deficit) for the year	8,354	1,999	1,625	(374)	(18.7%)
Transfer to other reserves	(1,380)	(3,920)	(4,520)	(600)	15.3%
Transfer from other reserves	1,288	1,322	939	(383)	(28.9%)
Closing Balance 30th June - Accumulated Surplus	101,376	100,777	99,420	(1,357)	(1.3%)
Revaluation Reserve					
Opening Balance 1st July	76,675	76,675	76,675	0	0.0%
Net asset revaluation increment/(decrement)	0	0	(2,397)	(2,397)	0.0%
Closing Balance 30th June - Revaluation Reserve	76,675	76,675	74,279	(2,397)	(3.1%)
Other Reserves					
Opening Balance 1st July	4,663	4,754	4,754	0	0.0%
Transfer to other reserves	1,380	3,920	4,520	600	15.3%
Transfer from other reserves	(1,288)	(1,322)	(939)	383	(28.9%)
Closing Balance 30th June - Other Reserves	4,754	7,353	8,335	180	2.5%
Total Equity					
Opening Balance 1st July	174,452	182,805	182,805	0	0.0%
Surplus / (deficit) for the year	8,354	1,999	1,625	(374)	(18.7%)
Closing Balance 30th June - Total Equity	182,805	184,805	182,034	(2,771)	(1.5%)

As of 30 June 2023, Council's other reserve balance is \$8.3 million, with \$1.2 million designated for the general reserve and \$1.7 million allocated to the asset replacement reserve



1.4. Statement of Cash Flows

A cash flow statement summarises the amount of cash and cash equivalents entering and leaving Council accounts. Due to the timing of the cash payments and cash receipts, the values shown in the cash flow statement may not equate to the value of similar items in other financial statements.

Statement of Cash Flows	Actual 2021-22 \$'000	Yearend Forecast \$'000	Actual 2022-23 \$'000	Variance from the Forecast	
				\$'000	%
Cash flows from operating activities					
Receipts					
Rates and charges	7,962	8,103	8,203	100	1.2%
Statutory fees and fines	204	128	201	73	57.2%
User fees	2,017	2,078	2,035	(43)	(2.1%)
Grants - Operating	2,087	898	1,457	559	62.3%
Grants - Capital	6,690	1,601	1,686	85	5.3%
Interest received	18	90	132	42	46.9%
Trust funds and deposits taken	5		12	12	0.0%
Other receipts	374	32	263	231	727.5%
Net GST refund / (payment)	(65)	0	109	109	0.0%
Total receipts	19,292	12,929	14,098	1,169	9.0%
Payments					
Employee costs	(4,415)	(5,109)	(4,883)	227	(4.4%)
Materials and services	(5,334)	(5,745)	(5,786)	(41)	0.7%
Short-term, low value and variable lease payments	(12)	(18)	(13)	5	(25.9%)
Trust funds and deposits repaid	(2)		(43)	(43)	0.0%
Other payments	(559)	(370)	(473)	(103)	27.8%
Total payments	(10,322)	(11,242)	(11,198)	44	(0.4%)
Net cash provided by operating activities	8,970	1,687	2,900	1,212	71.9%
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(7,369)	(6,106)	(5,527)	580	(9.5%)
Proceeds from sale of property, infrastructure, plant and equipment	66	3,529	3,504	(25)	(0.7%)
Net proceeds from movement of investments - note 1	569	6	(1,087)	(1,093)	(18517.2%)
Net cash provided by / (used in) investing activities	(6,734)	(2,571)	(3,110)	(539)	20.9%
Cash flows from financing activities					
Net cash provided by / (used in) financing activities	0	0	0	0	0.0%
Net increase / (decrease) in cash and cash equivalents	2,236	(884)	(210)	674	(76.2%)
Cash and cash equivalents at the beginning of the financial year	1,542	3,778	3,778	0	0.0%
Cash and cash equivalents at the end of the financial year	3,778	2,894	3,568	674	23.3%

1. Net proceeds from movement of investments

The net movement mainly represent classification of TDs between cash and cash equivalents (less the 90 days original maturity) and Other financial assets (more than 90 days original maturity).

1.5. Statement of Capital Works

The Statement of Capital Works presents Council's performance against its capital work program. During the year.

1.5.1. Capital Project Wise

Statement of Capital Works	Yearend Forecast \$'000	Actual 2022-23 \$'000	Variance from the Forecast	
			\$'000	%
Priority capital works				
Queenscliff sports and recreation precinct development	881	898	17	1.9%
Boat ramp upgrade project	1,030	1,035	5	0.5%
Queenscliffe cultural hub	597	537	(60)	(10.1%)
PL lighthouse reserve upgrade - P1 huts	618	564	(55)	(8.8%)
ICT transformation project	446	296	(150)	(33.7%)
Toch H toilet renewal - design and construct	50	0	(50)	(100.0%)
Electronic vehicle charging stations	135	146	11	7.9%
New tree management system	50	0	(50)	(100.0%)
Local roads and community infrastructure program - phase 2 and 3	87	16	(71)	(81.9%)
Town Hall AV upgrade project (QMF)	58	1	(56)	(97.5%)
Hesse street streetscape	50	0	(50)	(100.0%)
Hesse Street link to boat ramp	50	8	(42)	(84.9%)
Edgewater close drainage upgrade	10	0	(10)	(100.0%)
Soak pit upgrade and ocean outfall improvements	5	0	(5)	(100.0%)
Commonwealth road safety program 2021	6	0	(6)	(100.0%)
Total priority capital works	4,072	3,499	(573)	(14.1%)
Annual asset renewal program	793	457	(336)	(42.4%)
Staff cost capitalised	113	50	(63)	(55.6%)
Total capital works expenditure	4,977	4,006	(971)	(19.5%)

Reasons for decreases are given in note 2 under section 1.1.2. Cash Results of this report.

1.5.2. Asset Type Wise

Statement of Capital Works	Yearend Forecast \$'000	Actual 2022-23 \$'000	Variance from the Forecast	
			\$'000	%
Property				
Buildings	1,366	1,144	(223)	(16.3%)
Total buildings	1,366	1,144	(223)	(16.3%)
Total property	1,366	1,144	(223)	(16.3%)
Plant and equipment				
Plant, machinery and equipment	190	50	(140)	(73.8%)
Fixtures, fittings and furniture	63	1	(61)	(97.7%)
Computers and telecommunications	541	312	(229)	(42.3%)
Total plant and equipment	794	363	(430)	(54.2%)
Infrastructure				
Roads	279	163	(116)	(41.6%)
Footpaths and cycleways	96	49	(47)	(49.3%)
Drainage	141	107	(34)	(24.0%)
Recreational, leisure and community facilities	545	495	(51)	(9.3%)
Parks, open space and streetscapes	754	679	(75)	(10.0%)
Off street car parks	121	122	1	0.5%
Other infrastructure	880	885	5	0.5%
Total infrastructure	2,817	2,499	(318)	(11.3%)
Total capital works expenditure	4,977	4,006	(971)	(19.5%)
Represented by:				
New asset expenditure	1,846	1,583	(263)	(14.2%)
Asset renewal expenditure	1,500	1,059	(441)	(29.4%)
Asset upgrade expenditure	1,630	1,364	(267)	(16.4%)
Total capital works expenditure	4,977	4,006	(971)	(19.5%)

2. Local Government Performance Reporting Framework (LGPRF)

The Victorian government established the Local Government Performance Reporting Framework (LGPRF) in 2014, to ensure that all councils are measuring and reporting on their performance in a consistent way across the sector.

In addition to the performance information required to be disclosed in the performance statement, councils are also required to disclose other performance-related information in the report of operations in the annual report, including:

- a statement that reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic indicators included in the Council Plan;
- a governance and management checklist; and
- other prescribed indicators and measures of service performance, results achieved and an explanation of material variances.

2.1. Performance of Council against the Council Plan

Council delivers services and initiatives under 25 major service categories. Each service contributes to the achievement of strategic objectives set out under each portfolio.

This section provides a brief overview of how each area has been funded in the 2022-23 financial year.

Strategic Objectives / Portfolios	Actual 2022-23 Surplus / (deficit) \$'000	Actual 2022-23 Expenditure \$'000	Actual 2022-23 Direct funding \$'000
Portfolio 1 Health and wellbeing	(1,138)	(1,905)	(767)
Portfolio 2 Environment	(316)	(1,906)	(1,591)
Portfolio 3 Local economy	650	(1,325)	(1,975)
Portfolio 4 Heritage, planning and infrastructure	(2,249)	(2,515)	(266)
Portfolio 5 Governance and finance	(2,980)	(3,302)	(322)
Total	(6,033)	(10,953)	(4,920)
Expenses/other income added in:			
Depreciation	(1,244)		
Expenditure not meeting capitalisation criteria / threshold	(773)		
Net gain/losses on disposal of property, infrastructure, plant and equipment	109		
Surplus/(deficit) before funding sources	(7,940)		
Funding sources added in:			
Rates revenue	6,957		
Financial Assistance Grant - General Purpose	377		
Capital grants	2,232		
Capital contributions - monetary	0		
Capital contributions - non-monetary	0		
Total funding sources	9,566		
Operating surplus/(deficit) for the year – As per the Comprehensive Income Statement (section 1.1)	1,625		

Please note that the Surplus/(Deficit) figures for each area below reflect the net direct costs of delivering services, after accounting for any direct finding (**D/funding**) such as specific income, fees, grants, and other financial inflows except for the tourist park operations. The overall deficit is funded by income from rates and financial assistance grant as stated in the previous table.

Portfolio 1: Health and wellbeing.

To support community wellbeing and encourage an active lifestyle. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend Forecast	Actual 2022-23	Variance from the Forecast	
			\$'000	\$'000	\$'000	%
Aged Services	The Aged Services program provides care and assistance to older residents and those requiring respite so that their homes remain their safe haven.	D/funding	626	547	(79)	(12.7%)
		Exp	(823)	(769)	54	(6.5%)
		Surplus/ (deficit)	(197)	(222)	(25)	12.9%
Recreation, Arts, Culture and Community	The Recreation, Arts, Culture and Community program promotes community wellbeing by supporting people and communities to be involved, healthy and active.	D/funding	13	6	(6)	(49.4%)
		Exp	(152)	(162)	(10)	6.4%
		Surplus/ (deficit)	(139)	(155)	(16)	11.5%
Community Events	The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses.	D/funding	7	7	0	5.8%
		Exp	(209)	(237)	(28)	13.6%
		Surplus/ (deficit)	(202)	(230)	(28)	13.9%
Maternal and Child Health (MCH)	The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families with children from birth to school age.	D/funding	59	69	10	17.3%
		Exp	(75)	(80)	(5)	6.4%
		Surplus/ (deficit)	(16)	(11)	5	(32.9%)
Kindergarten	Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their transition to school.	D/funding	0	0	0	0.0%
		Exp	(3)	(4)	(1)	24.1%
		Surplus/ (deficit)	(3)	(4)	(1)	20.7%
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	D/funding	43	38	(4)	(10.3%)
		Exp	(120)	(104)	16	(13.2%)
		Surplus/ (deficit)	(77)	(66)	11	(14.8%)
Local Laws, Safety and Amenity	The Local Laws, Safety and Amenity program promotes community wellbeing and safety in various settings and through monitoring public behaviour consistent with Council's Local Laws.	D/funding	74	99	26	35.2%
		Exp	(329)	(305)	24	(7.4%)
		Surplus/ (deficit)	(256)	(206)	50	(19.6%)
Library	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting.	D/funding	0	0	0	0.0%
		Exp	(260)	(245)	15	(5.7%)
		Surplus/ (deficit)	(260)	(245)	15	(5.7%)
TOTAL	D/funding Expenditure		820	767	(53)	(6.5%)
	Surplus/ (deficit)		(1,970)	(1,905)	65	(3.3%)
			(1,150)	(1,138)	12	(1.0%)

Portfolio 2: Environment.

To protect our environment and address climate change issues. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend Forecast	Actual 2022-23	Variance from the Forecast	
			\$'000	\$'000	\$'000	%
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	D/funding	21	14	(7)	(33.5%)
		Exp	(282)	(210)	72	(25.4%)
		Surplus/ (deficit)	(261)	(196)	65	(24.8%)
Coastal Protection	The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations.	D/funding	352	356	4	1.1%
		Exp	(399)	(389)	10	(2.5%)
		Surplus/ (deficit)	(47)	(33)	14	(29.9%)
Waste Management and Recycling	The Waste Management and Recycling program seeks to promote local action in order to protect the environment for future generations. Note full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating Strategy.	D/funding	1,224	1,220	(4)	(0.3%)
		Exp	(1,288)	(1,307)	(18)	1.4%
		Surplus/ (deficit)	(64)	(86)	(22)	34.9%
TOTAL	D/funding		1,598	1,591	(7)	(0.5%)
	Expenditure		(1,970)	(1,906)	64	(3.2%)
	Surplus/ (deficit)		(372)	(316)	56	(15.2%)

Portfolio 3: Local economy.

To support a prosperous and diverse local economy. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend Forecast	Actual 2022-23	Variance from the Forecast	
			\$'000	\$'000	\$'000	%
Tourist Parks	The Tourist Parks and Boat Ramp Services program ensures the Borough remains a special place for visitors while increasing tourism's contribution to the local economy.	D/funding	1,816	1,807	(9)	(0.5%)
		Exp	(914)	(745)	169	(18.5%)
		Surplus/ (deficit)	902	1,062	160	17.7%
Visitor Information Centre	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy.	D/funding	81	121	40	49.3%
		Exp	(301)	(348)	(46)	15.3%
		Surplus/ (deficit)	(221)	(227)	(6)	2.9%
Tourism and Economic Development	The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy.	D/funding	48	48	0	0.0%
		Exp	(308)	(233)	76	(24.5%)
		Surplus/ (deficit)	(261)	(185)	76	(29.0%)
TOTAL	D/funding		1,945	1,975	31	1.6%
	Expenditure		(1,524)	(1,325)	198	(13.0%)
	Surplus/ (deficit)		421	650	229	54.4%

Portfolio 4: Heritage, planning and infrastructure.

To protect our distinctive coastal, cultural and built environment, and provide sustainable, suitable infrastructure. The key service objectives for each program area are described below.

Service area	Key service objective/s		Yearend Forecast	Actual 2022-23	Variance from the Forecast	
			\$'000	\$'000	\$'000	%
Design and Project Management	The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place.	D/funding	0	0	0	0.0%
		Exp	(252)	(204)	48	(19.2%)
		Surplus/ (deficit)	(252)	(204)	48	(19.2%)
Land Use Planning	The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development.	D/funding	92	133	41	44.9%
		Exp	(653)	(585)	68	(10.4%)
		Surplus/ (deficit)	(561)	(452)	109	(19.4%)
Heritage Conservation Advice	The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form.	D/funding	0	0	0	0.0%
		Exp	(20)	(7)	13	(64.1%)
		Surplus/ (deficit)	(20)	(7)	13	(64.1%)
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	D/funding	24	29	5	19.8%
		Exp	(33)	(35)	(2)	6.5%
		Surplus/ (deficit)	(9)	(6)	3	(29.2%)
Asset Management and Appearance of Public Places	The Asset Management and Appearance of Public Places program ensures the safety and functionality of public places and infrastructure. This program promotes community wellbeing and encourages people to be active in public settings.	D/funding	31	104	73	239.2%
		Exp	(1,386)	(1,550)	(163)	11.8%
		Surplus/ (deficit)	(1,356)	(1,446)	(90)	6.6%
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	D/funding	0	0	0	0.0%
		Exp	(28)	(27)	1	(5.3%)
		Surplus/ (deficit)	(28)	(27)	1	(5.3%)
Powerline Safety	The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.	D/funding	0	0	0	0.0%
		Exp	(51)	(107)	(56)	110.7%
		Surplus/ (deficit)	(51)	(107)	(56)	110.7%
TOTAL	D/funding		146	266	119	81.5%
	Expenditure		(2,423)	(2,515)	(92)	3.8%
	Surplus/ (deficit)		(2,277)	(2,249)	28	-1.2%

Portfolio 5: Governance and finance.

To provide a financially viable Council that is accountable, transparent and practices good governance. The key service objectives for each program area are described below.

Service area	Description of services provided		Yearend Forecast	Actual 2022-23	Variance from the Forecast	
			\$'000	\$'000	\$'000	%
Council Governance	The Council Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed Borough.	D/funding	0	0	0	0.0%
		Exp	(267)	(263)	4	-1.4%
		Surplus/ (deficit)	(267)	(263)	4	-1.4%
Organisational Performance and Compliance	The Organisational Performance and Compliance program supports the Chief Executive Officer and Executive Management Team to maintain a cohesive, well-managed and highly performing organisation.	D/funding	6	8	2	32.7%
		Exp	(902)	(1,162)	(260)	28.8%
		Surplus/ (deficit)	(896)	(1,154)	(258)	28.8%
Community Engagement and Customer Service	The Community Engagement and Customer Service program aims to facilitate community involvement in decision-making, and to deliver high quality customer service.	D/funding	83	49	(34)	-41.3%
		Exp	(776)	(519)	257	-33.1%
		Surplus/ (deficit)	(693)	(470)	223	-32.2%
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	D/funding	160	266	105	65.6%
		Exp	(1,459)	(1,358)	100	-6.9%
		Surplus/ (deficit)	(1,298)	(1,093)	206	-15.8%
TOTAL	D/funding Expenditure		249	322	73	29.2%
			(3,404)	(3,302)	101	(3.0%)
	Surplus/ (deficit)		(3,154)	(2,980)	174	-5.5%

2.2. Governance and Management Checklist

The Governance and Management Checklist measures whether a council has strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making. It includes 24 qualitative measures against which Council is assessed each financial year. An update against the checklist is presented a half yearly basis (with December and June quarterly financial reports).

An update against the checklist for 2022–23 is included as a separate agenda item.

2.3. Prescribed indicators, measures and results of service performance

The Performance Statement must include the results achieved in relation to prescribed:

- sustainable capacity;
- service performance; and
- financial performance.

Councils must provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation. An update against the performance measures will be presented a half yearly basis (with December and June quarterly financial reports).

The performance statement for 2022–23 is included as a separate agenda item.

Appendix A – Reserve balances as at 30 June 2023.

Reserve description		Actual Balance as at 1 July 2022	Yearend Forecast	Actual 2022-23	Change from the Forecast
Sales proceeds form assets sales					
1	Murray Road land sale proceeds		3,500,000	3,500,000	0
	Total - sales proceeds from assets sales		3,500,000	3,500,000	0
Carry forward capital expenditure reserve					
1	Queenscliff Sports and Recreation Precinct	447,083	-	-	0
2	Royal park oval upgrade	360,000	360,000	360,000	0
3	ICT transformation project	234,399	89,186	312,743	223,557
4	New bike track/park	195,900	195,900	195,900	0
5	Princess park kiosk toilet upgrade	60,000	60,000	60,000	0
6	Town hall audio visual equipment upgrade project (with QMF)	57,900	-	57,900	57,900
7	Hesse Street streetscape	50,000	-	50,000	50,000
8	Weeroona Parade toilet	40,000	40,000	40,000	0
9	Queenscliffe Cultural Hub	36,354	-	60,392	60,392
10	Toc H Toilet upgrade	20,000	130,000	180,000	50,000
11	Queenscliffe CBD 24-hour toilet		250,000	250,000	0
13	Safety improvement work by DEECA at Narrows Beach	-	40,000	40,000	0
14	Implementation of a tree management system			50,000	50,000
15	PL Lighthouse Reserve upgrade (P1 huts)			54,609	54,609
16	Hesse Street link to boatramp			19,500	19,500
	Total - carry forward capital expenditure reserve	1,501,636	1,165,086	1,731,044	565,958
Carry forward operating expenditure reserve					
1	Marine coastal management plan	210,800	104,000	176,200	72,200
2	Review of planning scheme (Heritage Provisions)	126,418	93,418	94,591	1,173
3	Wadawurrung signage	-	20,000	-	(20,000)
4	Development of a Tree Management Plan (Victoria Park)			24,630	24,630
5	Database of Photos of the Borough			3,000	3,000
6	Queenscliffe Neighbourhood House			4,659	4,659
7	Biannual Energy Efficiency Audit and Education Program			17,600	17,600
8	CERP monitoring and evaluation dashboards			5,000	5,000
9	Gender Equality Actions			5,953	5,953
	Total - carry forward operating expenditure reserve	337,218	217,418	331,634	114,216
Asset replacement reserve		1,379,017	1,342,017	1,661,737	319,720
Defined Benefits Superannuation Liability		40,000	40,000	40,000	0
Standard kerbside waste reserve*		(9,084)	(51,555)	(81,603)	(30,048)
Public waste reserve		37,885	16,344	24,067	7,723
Unallocated cash reserves / general reserve		1,463,047	1,123,660	1,123,660	(0)
Total		4,749,718	7,352,970	8,330,538	982,568

Reasons for movements are given in notes 3 and 4 under section 1.1.2. Cash Results of this report.